

ANNUAL REPORT

2021

heijmans



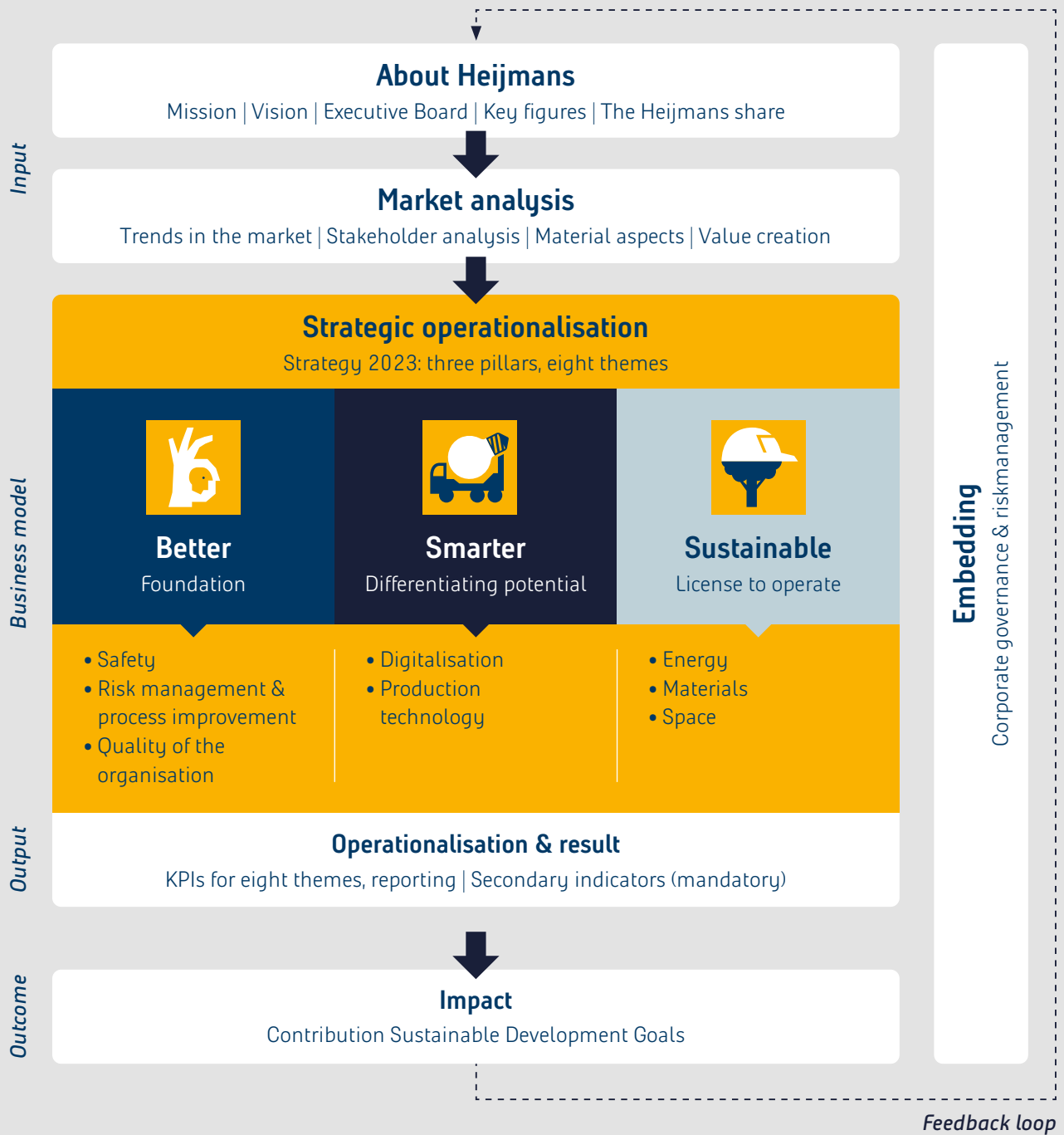
At the junction of the Escamplaan and Leyweg in the southern section of The Hague, 625 homes are being built under the name De Schoone Ley. This project will create a lively environment around the HAGA hospital, with homes and facilities in a range of styles for as many different users as possible.



This 80-tonne piledriver is equipped with an exhaust fume after-treatment system that cleans exhaust gases using AdBlue technology. Thanks to this change, the machine now emits up to 90% less nitrogen oxide, 7% less CO<sub>2</sub> and 97% less soot.



# HEIJMANS AT A GLANCE



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The Executive Board report as meant in Title 9 Book 2 of the Dutch Civil Code includes the following sections 1. Foreword. 2. Profile. 3. The Executive Board. 4. Key figures. 5. The Heijmans share. 8. Material aspects. 9. Value creation model. 10 Strategy. 11. Year in review per business area. 12. Financial results. 13. Corporate governance and the appendices 15.1, 15.2, 15.3, 15.7.8, 15.7.9 and 15.7.12.



## 1

# Foreword

Looking back on 2021, first and foremost I would like to express my enormous appreciation for the flexibility and dedication of all our colleagues in this organisation. We continued to work throughout the year, both on projects and at the office, despite the sometimes challenging conditions the pandemic continues to create. Combining our private lives with our work, adjusting procedures, meeting online, maintaining distance and complying with ever-changing rules and regulations. It has not always been easy.

Despite those circumstances, we performed well last year and delivered some great results. We are in great shape financially. In anticipation of the definitive legal ruling in the proceedings in the matter of the Wintrack agreement with TenneT, we set aside a provision of € 34 million as a precautionary measure. Despite this provision, we worked together to record a great result that we can be proud of. Heijmans' earning potential continued to grow last year and is currently at a robust and predictable level, with a balanced risk profile.

## Safety

We find our progress on the safety front even more important. At Infra, we rose to level four on the Safety Ladder. This means that we have a proactive safety culture and that employees themselves put forward ideas to improve safety in the workplace.

Our ambition now is to achieve that level on the Safety Ladder at Property development and at Building & Technology in 2022. The creation of a healthy living environment starts in our projects.

In 2021, we managed to reduce the number of accidents that resulted in absenteeism to 66, from 85 accidents in 2020. We believe this decline in accidents of more than 20% means that we have reached a turning point. And we will continue to prioritise safety in 2022 and beyond. We call on everyone, both inside and outside Heijmans to remain alert and to continue to call each other out on this front. For instance, we found it very encouraging that one of our clients, the Ministry of Public Works and Waterways (Rijkswaterstaat), had the courage to fully close the section of the A12 motorway between Ouderenrij and Nieuwerbrug for a number of days in 2021, so we could carry out our work in complete safety.

### Being a good employer

In the year under review, we conducted a company-wide employee satisfaction survey. The response rate was high, at 83% of all employees. And the result – an NPS score of +25 – was way above the average in our sector and beyond. That is incredibly encouraging. What is more, we can use the feedback our colleagues gave us to make even more improvements and take the next steps in our journey. Our ambition is to be the best employer in the construction industry. That requires an open culture in which people dare to speak out. We are pleased that our colleagues want to contribute ideas and participate. This was abundantly clear from the level of participation and the enthusiasm shown around the Works Council elections in 2021. That is a good sign given the current tightness in the Dutch labour market. Over the past few decades, more than 100,000 workers have left the construction industry. The question now is whether and how we can get them back. In this light, we are very pleased with the engagement and satisfaction of our current employees. At Heijmans, we recognise

and appreciate everyone's contribution, regardless of whether they work with their hands or their heads.

### Sustainable

Each and every year, Heijmans devotes more attention to sustainability in all our activities and projects. Our Heijmans Energy team is focused on the development, realisation and use of sustainable energy systems, for instance as a contribution to smart grids for neighbourhoods or whole areas. The sector is changing rapidly and last year we already had 1,000 homes under contract for energy provision. On top of this, we are planning to apply industrial production of timber frame homes on a much larger scale. This is why we acquired IBO's energy-neutral production facility in late 2021 and unveiled plans to work with an experienced partner.

At the end of last year, we signed a letter of intent with forestry conservation organisation Staatsbosbeheer with the aim of collaborating on a number of fronts. This collaboration will include the delivery and procurement of bio-based building materials, such as timber, and adding more nature and green areas in new residential neighbourhoods and area development projects. We are currently studying the possibility of joining forces to plant forests, and then harvest, process and use the trees in Heijmans' new timber frame homes. We should add at this point that Heijmans is not planning to switch entirely to timber frame construction. As part of its two-track strategy, Heijmans will continue to build using sustainable concrete. In the course of 2022, we are planning to refine our strategy. On the road to circularity and to CO<sub>2</sub>-neutral construction, we will focus even more on planet, along with people and profit.

### Infrastructure

In 2021, due to the lack of any solutions to the nitrogen emissions problem, a large number of Infra tenders for major projects were abandoned. This is a worrying situation, all the more so because we are facing a major



task to replace and renovate Dutch roads and structures (such as bridges and viaducts) built in the 1960s. A great deal needs to be done to keep our infrastructure at a responsible level. This will require the government to make clear choices and define a long-term vision. After all, as one of the companies carrying out this work, we will have to invest heavily in new energy-neutral equipment. This will only be feasible if we have sufficient certainty regarding continuity in this market.

### Housing market

The housing market is facing a different range of issues. One of the main concerns is the affordability of homes. Due to the overheated housing market, it was already difficult for new entrants to purchase a home. Now we are seeing sharply rising production costs exacerbating that problem. If we want to accelerate housing production, what we will need first and foremost is more planning capacity. And not just for inner city developments, but also for out-of-town developments. The new government has said it wants to build 100,000 new homes a year. To realise this ambition, they will need to remove certain obstacles. In addition to extra planning capacity, this will also include addressing hindrances, such as prolonged building permit procedures. As far as this is concerned, the so-called 'Didam ruling' is more likely to throw up more obstacles than to resolve them. The government has made a great deal of funding available for the energy transition and for making society more sustainable. What we need now more than anything is for the government to add resolve and decisiveness in addition to the financial resources made available.

### New CFO

Heijmans is once again in great shape, with a solid foundation, and we are proud of the very positive outlook for continued growth. I see a lot of energy and enthusiasm among our people to make a substantial contribution to the societal challenges we face today.

I am pleased with the arrival of Gavin van Boekel as our new CFO (Chief Financial Officer). Gavin joined the Executive Board on 1 September 2021. I am really looking forward to working with him and the rest of the organisation in the coming year to define our new strategy and then executing that strategy quickly and effectively.

In the spring of 2023, Heijmans will celebrate its 100th anniversary. We are proud that our organisation can greet this anniversary with such a positive outlook for continued profitable growth.

### Ton Hillen

*Chairman of the Heijmans N.V. Executive Board  
25 February 2022*



Watch the video on safety at  
**Heijmans.nl** (in Dutch)





Rijkskantoor  
Laan op Zuid 45







# 2

## Profile

On the eve of its 100-year anniversary, Heijmans goes for safety and health

**Heijmans wants to create a healthy living environment. This is how we help to solve the numerous major societal issues we are facing.**

Heijmans is focused on the Dutch market on four fronts: property development, residential building, non-residential building and infrastructure. We have organised these into three business areas: Property development, Building & Technology and Infra.

### Improving sustainability

Everyone wants to breathe clean air, live in a pleasant neighbourhood, enjoy wonderful nature, work in a good workplace, travel safely from A to B and arrive back at home healthy at the end of the day. Heijmans wants to play a leading role in making the construction industry safer and more sustainable. We can make a difference and by doing so help realise the national government's target: halve CO<sub>2</sub> emissions by 2030 to prevent further global warming.

### Heijmans approaches 100-year anniversary: 2023

Construction firm and project developer Heijmans was founded in 1923 by Jan Heijmans. In that period, Heijmans was already paving the way by being one of

the first companies in the Netherlands to work with so-called bituminous road surfaces. In the post-war reconstruction period, the company grew rapidly by repairing and laying roads and airfields. In the spring of 2023, Heijmans will celebrate its 100th anniversary.

### Listed since 1993

Heijmans has been listed on the Amsterdam stock exchange since 1993. Heijmans is solely active on the Dutch market. This is why by far most of its partners are based in the Netherlands. The market for raw materials and products is a combined Dutch and European market. The global market accounts for a small share of basic raw materials. Heijmans' main suppliers are subcontractors (labour) and suppliers of building materials. Heijmans' most important clients are private buyers (residential building), housing corporations, network companies (managers of electricity and gas networks, such as Stedin, Liander and Enexis), but primarily public sector organisations.

## CREATORS OF A HEALTHY LIVING ENVIRONMENT

We want to help create a safe and healthy living environment. Everyone wants to breathe clean air, live in a pleasant neighbourhood, enjoy wonderful nature, work in a good workplace, travel safely from A to B and arrive back at home healthy at the end of the day.

### Our mission: the creation of a healthy living environment

One goal is central to everything we do: the creation of a healthy living environment. This is what we stand for and what we aim to achieve. For Heijmans, a healthy living environment also means healthy and sustainable business operations, with healthy colleagues who work safely and enjoy their work. For Heijmans, offering its employees and partners a safe working environment is fundamental to what we do.

### Our vision: it's all about end-users

We are convinced that we add the most value for our clients when we do well by end-users. This is why we focus strongly on users in everything we develop, build and maintain. We consciously look through the eyes of users: whether this is a tenant or home buyer, an

employee, a visitor, a patient, an entrepreneur or a road user.

### Our core values:

- Ownership
- Result focus
- Collaboration

Our good reputation is determined by the quality of our work and how we execute it. Our three core values of ownership, result focus and collaboration drive the conduct we need to be a leader in the fields of quality, sustainability and profitability. The power of our success rests with all Heijmans employees.

### Our strategy:

- Better
- Smarter
- Sustainable

The recipe for our strategy is as effective as it is ambitious. We make things better, smarter and more sustainable, which is exactly what you would expect from a creator. Better is the basis of our strategy. This covers matters such as safety, control of projects, improving predictability and working consistently on the basis of our core values: ownership, result focus and collaboration. Making things better is about having and keeping your house in order, about being an attractive employer, so you can recruit and retain the right people, but it is mainly about focusing on what we do well and the discipline to want to do those things perfectly. And daring to say no to other things.

Heijmans accepts its responsibility as a director of the construction chain. We maintain our leadership by improving continuously and by making full use of opportunities for process standardisation. Armed with innovative ideas, products and services, we offer smart solutions that help to solve the major societal issues of today and tomorrow. Our ultimate goal is to no longer be a drain on the living environment, but rather a net contributor to it, and by doing so create sustainable value. We want to make a difference by designing and building in a sustainable manner.

### Our method: integrated

Over the past 10 years, Heijmans' strategy has been sharply focused on creating added value on the basis of close collaboration between all our business units. Heijmans offers its clients an integrated proposition by combining various specialisations, construction and development activities. What sets Heijmans apart is that we get involved in the design process to devise solutions

in collaboration with our partners and realise and maintain these solutions on the basis of integrated know-how and expertise. From idea to realisation, maintenance and management, from buildings and roads to area development. We are using and marketing more and more digital solutions as a part of our strategy, to remain smarter. On top of this, we continue to move forward towards industrialisation and improved sustainability in the production of homes. For instance, in 2021, we acquired the IIBO production facility, so we can produce timber frame homes in house.

**Our organisation: collaboration and direction**

The creation of a healthy living environment requires an integrated view. This is why Heijmans sees collaboration and direction based on an integrated agenda as strategically important. We target this via our two-person Executive Board and our group board. The group board is responsible for day-to-day operational management. The group board comprises the members of the Executive Board, together with the chairs of the three business areas, the Chief Risk Officer (CRO), the Chief Human Resources Officer (CHRO) and the Chief Procurement Officer (CPO).

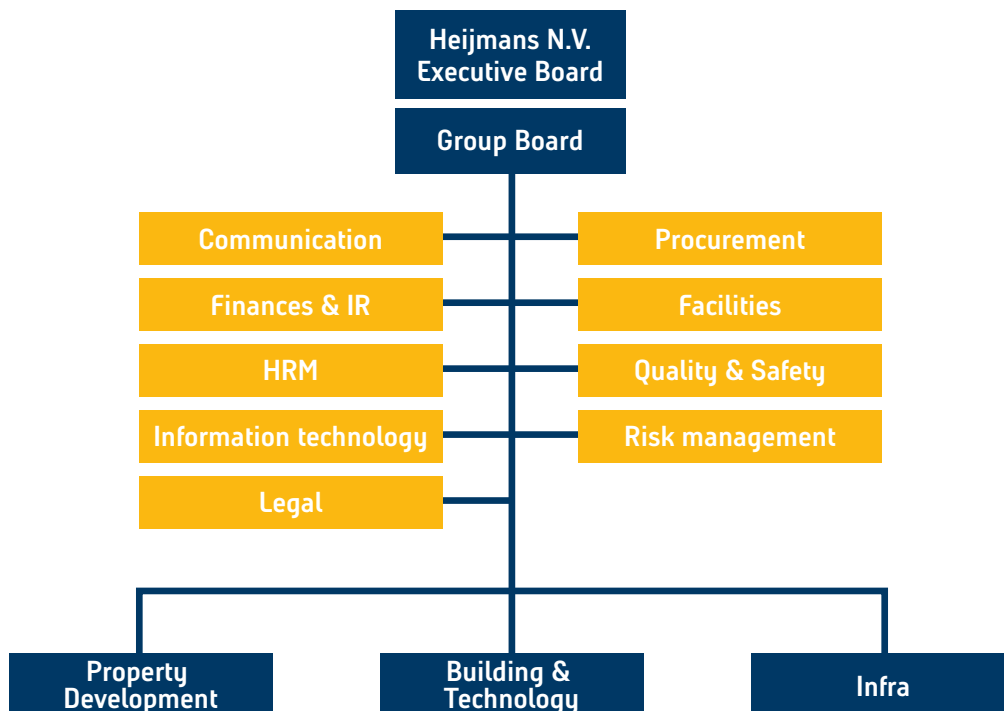
**The three business areas**

**Property development**

Heijmans Property Development focuses on area development and the property development of projects in inner-city and out-of-town areas. We act as the initiator, developer and seller of residential properties and commercial property, such as shopping centres and offices. We direct these activities from three offices and a centrally managed commercial property development department. This is how we respond to the need for an integrated vision of area development and the transformation of promising areas. We have now decided to open a fourth office in the first quarter of 2022. Our ambition is to collaborate with housing corporations, (local) authorities, companies and residents to arrive at total solutions that give areas a sustainable quality boost and that result in healthy living environments.

**Building & Technology**

The Building & Technology business area combines our know-how and expertise in the fields of residential and non-residential building, multi-functional high-rise residential construction and services. The importance of maintenance and management – both in terms of building construction and technical installations – is constantly growing. The monitoring of buildings and data-driven services account for a growing share of our activities, and we have combined these in Services.



We aim for long-term collaboration with our principals. Smart data analysis provides us with effective insight into the use of our principals' assets and we can use this information to provide them with the best possible advice on implementation and preventive maintenance.

Our Residential Building activities consist of new-build projects and the redevelopment and renovation of existing homes. This includes the transformation of buildings that have been assigned a new function. We differentiate ourselves through our integrated approach to building and installation technology. We have also developed innovative residential concepts such as Heijmans ONE, Huismerk and Wenswonen.

Our Residential Building business area also targets multi-functional high-rise residential construction. On this front, we focus on complex inner-city new-build projects and buildings with highly mixed functions. This activity requires a combination of expertise and specific know-how, which translates into a single nationally operating business unit with fixed teams.

Our non-residential building business designs, builds and maintains buildings with high-quality electrical and mechanical installations. We focus on the care market, education, commercial property for private parties and (semi) governmental institutions, industry, data centres and leisure.

On the building maintenance front, we close long-term contracts for preventive, corrective and replacement maintenance. We make sure that the systems – for building construction and technical installations – are available 24/7 and by doing so add value to our principal's primary processes. In these long-term contracts, we also accept risk-bearing responsibility for the performance of the systems in question.

## SAFETY:

We work safely or we don't work at all!  
We will only be satisfied with 0 accidents.

### Infra

Heijmans Infra's activities focus on the laying, construction, maintenance and upgrading of infrastructure, with an emphasis on mobility, water and energy. We are also active in the design and construction of public spaces (including installations and technology, such as

lighting, camera and reference systems) and the realisation of civil engineering projects, such as viaducts, tunnels, cables, pipelines, energy supplies, locks and water purification systems. We design, realise, manage and maintain both the structures and buildings and their technical installations. Data-driven solutions, smart digital solutions and services also account for a growing share of Infra's overall portfolio of activities.

The acquisition of Verbree has strengthened Heijmans position in the cable and pipeline laying segment. This will enable us to respond more effectively to the need for services related to the ongoing energy transition. Via Heijmans participation in Millenaar & van Schaik, we are investing in sustainable asphalt transport, by using lorries that run on liquid hydrogen.





There is still a lot of unexploded World War Two ordinance on Dutch land. If someone is planning to build, Heijmans Explosives Detection (HEO) can detect these explosives. Here we are checking a building site in Zoetermeer for potential aerial bombs.

## 3

# The management

## Executive Board



**Mr. A.G.J. (Ton) Hillen (1961),  
Chair of the Executive Board, CEO**

Dutch. Mr. Hillen was appointed as a member of the Executive Board of Heijmans N.V. on 18 April 2012, reappointed on 13 April 2016 and appointed as CEO on 1 December 2016. He has held various positions at Heijmans since 1992 and was appointed

Director of Property Development and Residential Building at Heijmans in 2008. Prior to joining Heijmans, Mr. Hillen was employed at BAM and Anton Obdeijn Project development. Ancillary position: Member of the Supervisory Council of the Noord Brabants Museum.



**Mr. G.M.P.A. (Gavin) van Boekel  
(1975), member of the Executive  
Board, CFO**

Dutch. Mr Van Boekel was appointed as a member of the Executive Board/CFO of Heijmans N.V. on 1 September 2021. Prior to joining Heijmans, he held various financial positions at Unilever for more than 21 years.

Ancillary positions: Member and from 2020 Chairman of the Curatorium of the Executive Master Finance & Control ('Registercontrollers Opleiding') at the VU University of Amsterdam and member of the Advisory Board of the Dutch Association of Registered Controllers.

## Supervisory Board



### **Mr. Sjoerd (Sjoerd) Vollebregt (1954), Chair**

Dutch. Mr. Vollebregt was formerly Chairman of the Executive Board of Stork B.V. and Fokker Technology B.V. Prior to that, Mr. Vollebregt was employed at companies including Exel, Ocean, Intexo Holding and Royal Van Ommeren. He was appointed as a member of the Supervisory Board of Heijmans N.V. in April 2015, appointed as Chairman in 2016 and reappointed in 2019. He is due to step down in 2023. Principal additional positions: non-executive director of Fugro N.V., Chairman of the Economic Board of Drechtsteden and Lead Independent Director of Joulz.



### **Mr. R. (Ron) Icke (1957), vice-chair, chair of the audit committee**

Dutch. Mr. Icke was formerly Chairman of the Executive Board of USG People N.V. He was appointed as a member of the Supervisory Board of Heijmans N.V. in April 2008. He was reappointed in 2012, 2016 and 2020, and is due to step down in 2022. Principal additional positions: Chairman of the Supervisory Board of ORMIT B.V., chairman of the Supervisory Board Coöperatie VGZ, chairman of the Supervisory Board of VvAA Groep B.V., chairman of the V.O. Zee Share Administration Trust.



### **Mrs. M.M. (Martika) Jonk (1959)**

Dutch. Ms. Jonk qualified as a lawyer in 1986 and is a senior counsel at CMS Derks Star Busmann. She was appointed as a member of the Supervisory Board of Heijmans N.V. in December 2018 for a term of more than four years. She is due to step down in 2023. Principal additional positions: member of the Supervisory Board of N.V. Nederlandse Gasunie, member of the Supervisory Council of Catharina hospital in Eindhoven.



### **Ms. J.W.M. (Ans) Knape-Vosmer (1962)**

Dutch. Head of HR&O Global Operations & Sales and Regional HR coordination Asia & Europe at ASML. She was appointed as a member of the Supervisory Board of Heijmans N.V. in April 2020. She is due to step down in 2024. Principal additional positions: member of the Supervisory Board of Royal Douwe Egberts B.V.



### **Mr. A.E. (Arnout) Traas (1959)**

Dutch. From mid-2011 to April 2020, Mr. Traas was CFO at ForFarmers N.V. Prior to this, he worked at FrieslandCampina for 10 years, as well as at a number of other companies, including Arthur Anderson, Mars, H.C.S. G.T.I. Holding and Vendex/KBB. He was appointed as a member of the Supervisory Board of Heijmans N.V. on 14 April 2021. He is due to step down in 2025. Principal additional positions: chairman of the Supervisory Board of ABAB, chairman of the Supervisory Board of Vreugdenhil Dairy Foods.

# All-rounders at work

Asset managers are all-rounders, or what the Dutch refer to as five-legged sheep. They combine in-depth technical expertise, with business insight and social, communications and digital skills. Teun Schutte and Gijs van Ommen put all these skills to practical use in the Central Netherlands Motorways performance contract. As part of this contract awarded by the Ministry of Public Works and Waterways, they are responsible for the management of some 450 kilometres of Dutch motorways. Their team has a permanent staff of over 15 people and a variable layer of 30 to 100 workers. And they have already received their first applause, for the accelerated replacement of asphalt on the A12 motorway between Woerden and Nieuwerbrug. Teun: "We proposed closing off this stretch completely, so we could get more work done and guarantee the safety of both road workers and road users more effectively." A so-called 'square closure' is a rarity in the Netherlands, certainly outside holiday periods. "But it can be done," says Gijs with a smile. "Our trump card? Thorough analysis and preparation." "And just as important, of course, was the communication with local municipalities, companies and other parties affected by the closure", Teun stresses. "If you lay out all your cards on the table openly and transparently, you can often do more than you might think."

**Teun Schutte**, project manager (on the right) and **Gijs van Ommen**, technical manager at Heijmans



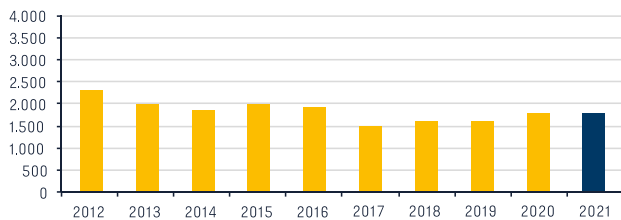
Read the interview at [heijmans.nl](https://www.heijmans.nl)



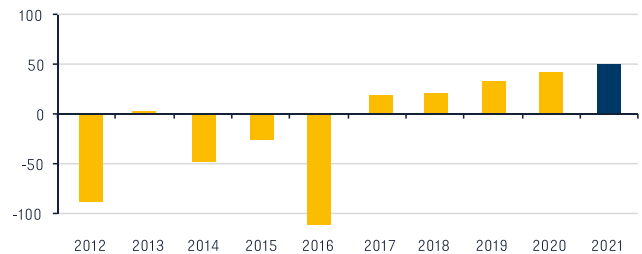


# 4 Key figures

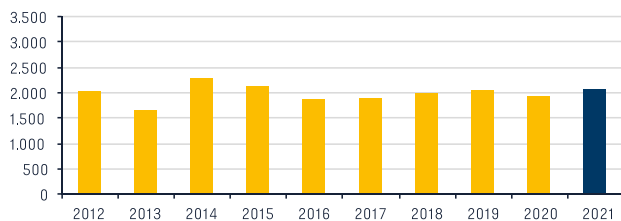
Revenue (in € x million)



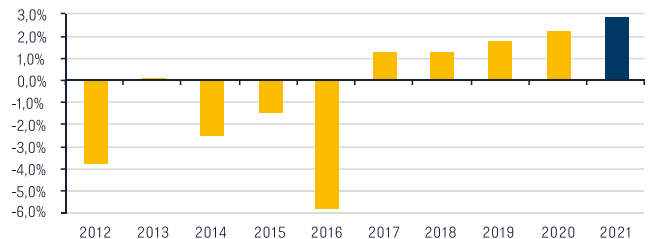
Result after tax (in € x million)



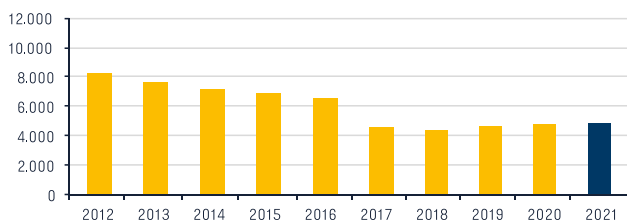
Order book (in € million)



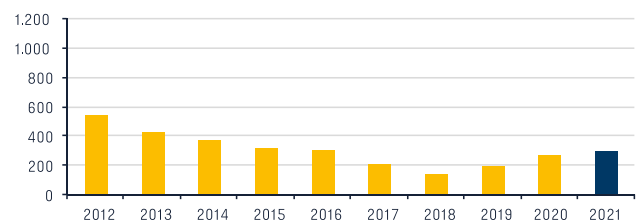
Net margin (in %)



Average number of employees



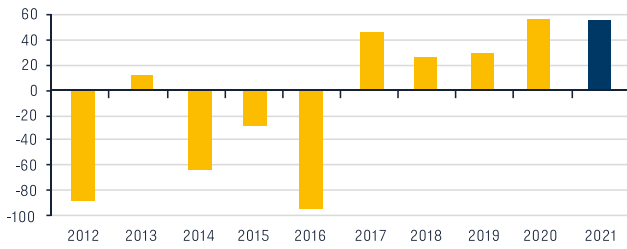
Average capital invested (in € million)



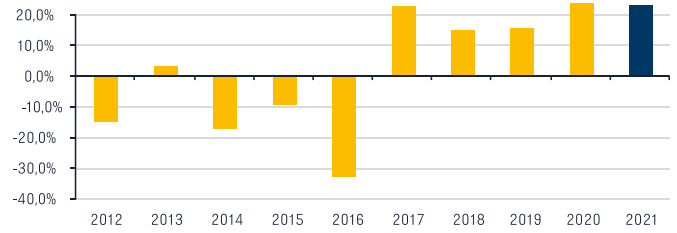
	2012 <sup>2</sup>	2013 <sup>3</sup>	2014	2015	2016 <sup>4</sup>	2017	2018	2019	2020	2021
<b>Key figures</b>										
<b>Result in € millions</b>										
Revenue	2.318	2.001	1.868	1.979	1.884	1.487	1.579	1.600	1.746	1.748
Underlying EBITDA <sup>5</sup>	55	47	11	14	-47	31	43	78	85	106
Operating result	-87,2	11,9	-63,5	-29,0	-94,0	45,3	22,6	29,2	55,7	55,2
Result after tax	-87,7	1,9	-47,3	-27,3	-110,5	19,5	20,5	30,1	40,1	50,3
<b>Capital in € millions</b>										
Assets	1.366	1.203	1.205	1.190	1.056	771	776	898	931	991
Average invested capital	541	423	372	318	293	202	161	196	240	250
Equity capital	315	313	259	266	142	162	149	178	226	268
Net debt	149	66	31	10	146	-14	-31	30	-37	-91
<b>Cash flow in € millions</b>										
Operating	-45	-10	46	10	-68	21	27	42	128	109
Investment	-26	-3	-10	-9	-22	91	-10	4	-33	-32
Financing	8	8	-23	51	43	-116	-3	-26	-29	-42
<b>Cash flow</b>	<b>-63</b>	<b>-5</b>	<b>13</b>	<b>52</b>	<b>-47</b>	<b>-4</b>	<b>14</b>	<b>20</b>	<b>66</b>	<b>35</b>
<b>Ratios in %</b>										
Return on average capital	-16,1	2,8	-17,1	-9,1	-32,1	22,5	14,1	14,8	23,2	22,1
Result after tax:										
- as % of equity	-27,8	0,6	-18,3	-10,2	-77,8	12,0	13,8	16,9	17,7	18,8
- as % of revenue	-3,8	0,1	-2,5	-1,4	-5,9	1,3	1,3	1,9	2,3	2,9
Solvency rate based on guarantee capital	27,9%	31,5%	27,0%	26,1%	17,7%	26,8%	25,0%	24,8%	28,8%	30,1%
<b>No. of shares x 1.000</b>										
At year-end	17.328	19.349	19.461	21.407	21.407	21.409	21.409	21.409	21.933	22.760
Average	17.191	18.111	19.420	20.661	21.407	21.408	21.409	21.409	21.715	22.415
<b>Data per share<sup>1</sup> x € 1</b>										
Equity	18,32	17,28	13,34	12,87	6,63	7,57	6,96	8,31	10,41	11,96
Operating result	-5,07	0,66	-3,27	-1,40	-4,39	2,12	1,06	1,35	2,56	2,46
Result after tax	-5,10	0,10	-2,44	-1,32	-5,16	0,91	0,96	1,40	1,85	2,24
Dividend	0,25	0,15	-	-	-	-	-	-	0,73	0,88
<b>Share price information x € 1</b>										
At year-end	7,05	10,51	8,95	8,18	5,52	9,71	8,00	7,50	9,33	14,90
High price	9,68	10,78	14,20	13,36	9,20	10,87	12,92	11,52	9,67	15,40
Low price	5,25	6,85	7,83	5,77	4,59	6,02	7,44	7,12	4,47	9,26
<b>Other data</b>										
Order book (* in € millions)	2.026	1.643	2.287	2.094	1.863	1.898	2.014	2.124	1.946	2.061
Employees (average number of FTEs)	8.242	7.617	7.198	6.808	6.412	4.520	4.483	4.565	4.678	4.706

1. Data per share is expressed relative to the weighted average number of ordinary shares. Dividend per share is based on the number of common shares at year-end.
2. After revision due to change in defined benefit plans.
3. After revision due to change in accounting policy for joint arrangements.
4. Statement of income figures cover all activities (incl. discontinued operations). The balance sheet figures are before the reclassification of sold entities to assets held for sale other than total assets. Net debt and backlog are after reclassification of sold entities to assets held for sale.
5. Underlying EBITDA is operating profit before depreciation and amortisation, including EBITDA from joint ventures, excluding property impairment charges, reorganisation costs, book profits on the sale of entities and other non-operating results that the Group considers exceptional. The introduction of IFRS 16 'Leases' has led to a shift from operating costs to depreciation and amortisation. In addition, part of the operating costs have been shifted to financial expenses. As a result, underlying EBITDA increased by € 24 million in 2019, the first year in which IFRS 16 was applied.

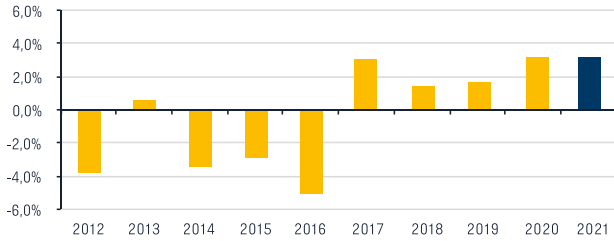
Operating result (in € million)



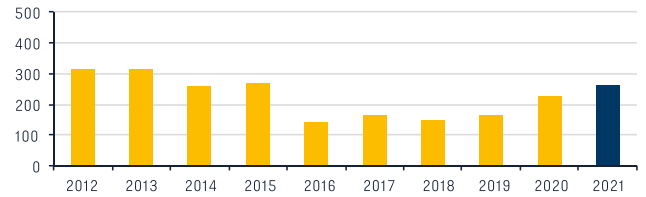
Return on average capital invested (in %)



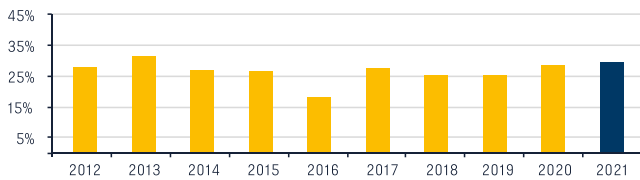
Operating margin (in %)



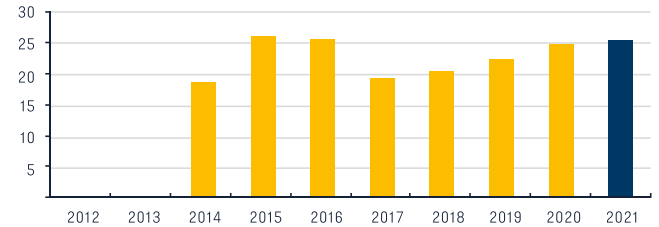
Equity (in € million)



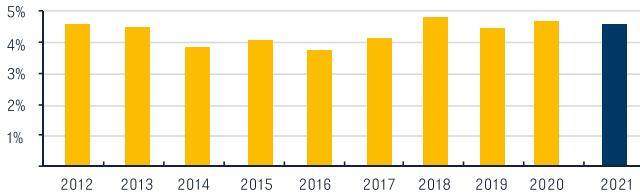
Solvency rate based on guarantee capital (in %)



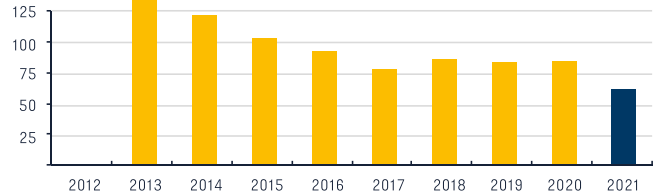
Total amount of residual material (in tonnes) \*



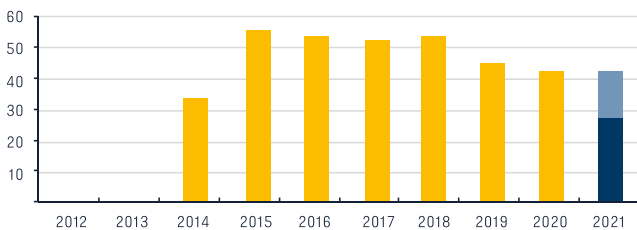
Absenteeism (in %)



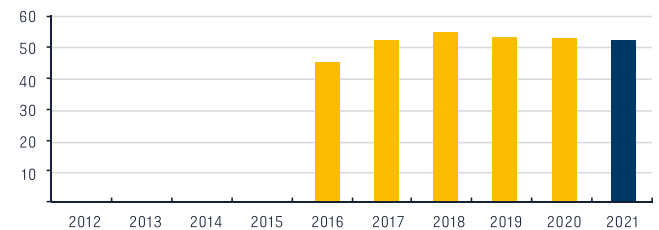
Number of accidents (incl. sub-contractors) \*



CO<sub>2</sub>-emissions scope 1 + 2 (in tonnes) \*

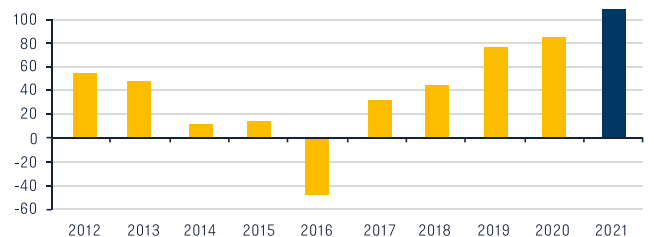


Procurement spend preferred suppliers (in %) \*



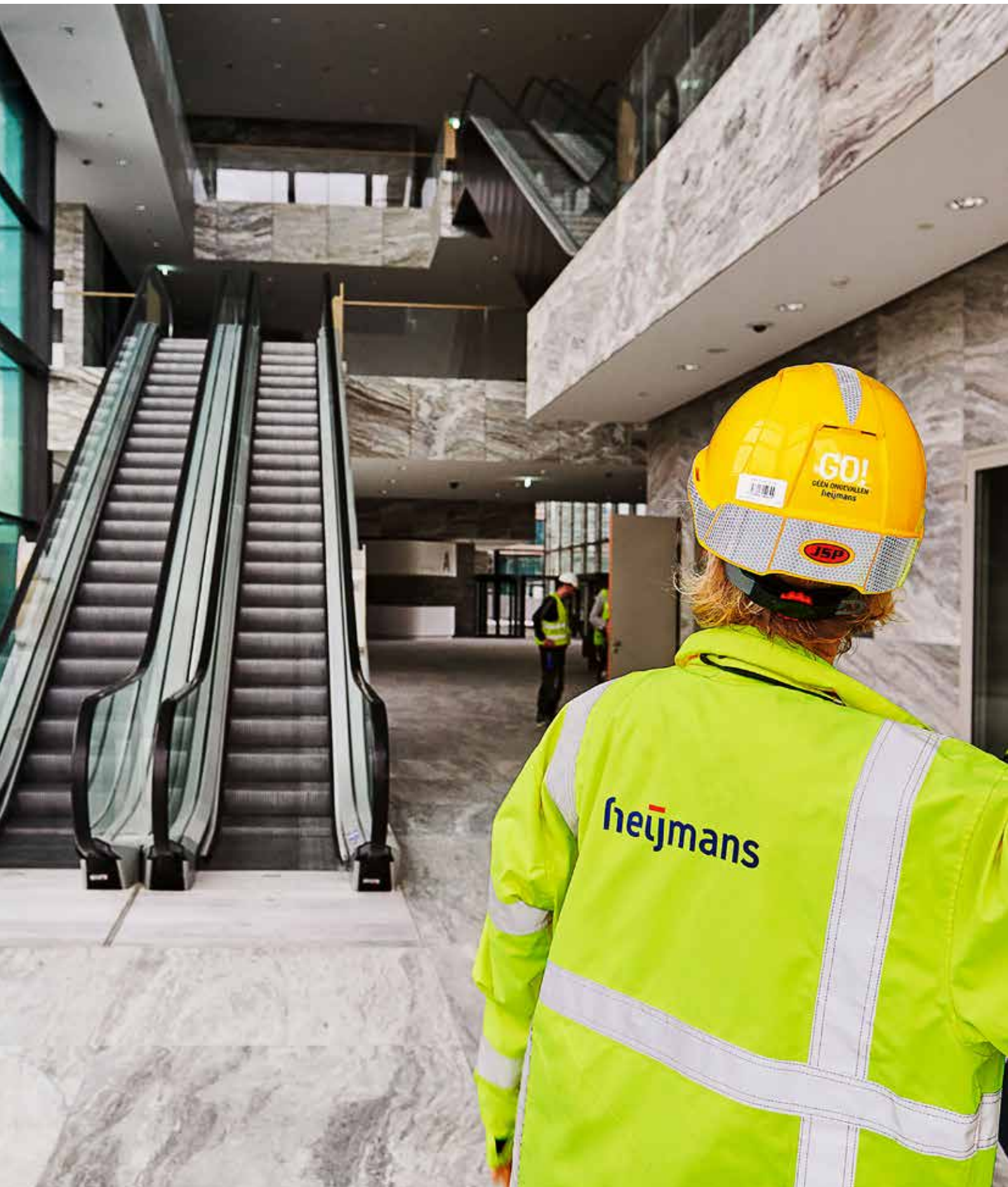
■ Exclusive asphalt plants ■ Including asphalt plants

\* We do not have data going back 10 years for these key figures. We are reporting these figures for the years for which data is available. Any changes in definitions in the reporting period are explained in more detail in the KPI table in the appendices.



NB: from 2019 onwards, figures include the impact of IFRS 16 'Leases' (effect in 2019: + € 24 million)





The new court house in Amsterdam is now fully operational. In just four years, we realised a complex building in the Zuidas business district, with offices, courtrooms, interrogation rooms and a detention area.

# "Follow your instincts"

If you want to keep growing, and if you let people know that and you have the ability, you can climb pretty quickly at Heijmans. I talk to my manager a lot about what I need right now to continue to grow and develop. I'd advise everyone to take the initiative on this front. It's fantastic that I was given the opportunity to become a foreman. And I'm already being asked: where do you see yourself in five years? I'll be thinking a lot about that in the coming period. I'd say follow your instincts. But take the time you need to grow into your job before you start looking at the next step. Right now, I'm really happy with my role and my team. If something goes wrong, whether it's at the weekend, in the middle of the night or in the holidays, we go through fire and water to help each other out.

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**Wilco van Bethlehem (33)**

foreman





## 5

# The Heijmans share

## Heijmans share capital

The composition of the share capital of Heijmans N.V. as at 31 December 2021 was as follows:

Shares (x 1,000)	Authorised share capital		Issued capital	
	2021	2020	2021	2020
Ordinary shares	35.100	35.100	22.760	21.933
Cumulative financing preference shares B	7.000	7.000	4.510	4.510
Protective preference shares	8.000	8.000	-	-
	<b>50.100</b>	<b>50.100</b>	<b>27.270</b>	<b>26.443</b>

## Ordinary shares

The shares are held by the Heijmans Share Administration Trust (SA Trust). The face value per ordinary share is € 0.30. The SA Trust had issued 22,760,472 depositary receipts for shares as at 31 December 2021, and these shares are listed on the NYSE Euronext stock exchange in Amsterdam. The voting rights on ordinary shares are vested in the SA Trust. Each ordinary share entitles the holder to 30 votes. Holders of depositary receipts for shares wishing to vote at a shareholders' meeting are granted an unconditional proxy by the SA Trust.

The movements in the number of ordinary shares and depositary receipts for shares, together with a summary of the key figures per ordinary share/depositary receipt, are presented in the table below.

Shares (x 1,000)	2021	2020	2019	2018	2017
In issue on 1 January	21.933	21.409	21.409	21.409	21.407
Issue of share capital	223	524	-	-	-
Stock dividend	604	-	-	-	-
Matching shares Share Matching Plan		-	-	-	2
<b>In issue on 31 December</b>	<b>22.760</b>	<b>21.933</b>	<b>21.409</b>	<b>21.409</b>	<b>21.409</b>
Average in issue for the year	22.415	21.671	21.409	21.409	21.408
Earnings per share* (in €)	2,24	1,85	1,40	0,95	0,91
Dividend per share (in €)	0,88	0,73	-	-	-
Pay-out ratio %	40%	40%	-	-	-

\* Per average issued share

Heijmans N.V. is listed on Euronext Amsterdam. The data relevant to the stock market listing is presented in the table below:

Heijmans market listing	2021	2020	2019	2018	2017
Closing price (in €)	14,90	9,33	7,50	8,00	9,71
High price (in €)	15,40	9,67	11,52	12,92	10,87
Low price (in €)	9,26	4,47	7,12	7,44	6,02
Dividend yield at closing price (in %)	6,0%	7,8%	0,0%	0,0%	0,0%
Market capitalisation at year-end (in € millions)	339	205	161	171	118
<b>Average daily turnover (in no. of shares)</b>	<b>122.852</b>	<b>158.183</b>	<b>122.598</b>	<b>138.608</b>	<b>171.892</b>

## Cumulative financing preference shares B

On 28 June 2002, Heijmans issued 6,610,000 cumulative financing preference shares B at a price of € 10 per share. The face value per ordinary share is € 0.21. As at 18 September 2015, there were 4,510,000 cumulative financing preference shares B outstanding. The face value per ordinary share is € 0.21. These shares are not quoted on a stock exchange and no depositary receipts are issued for them. The dividend is revised every five years, most recently as of 1 January 2019. From that moment until the next review date (1 January 2024), a dividend of 7.21% has been agreed, payable each year within 14 days after the Annual General Meeting of Shareholders (AGM). In the interim, this yield will be reduced by 100 basis points (1%) as soon as the outstanding capital in cumulative financing preference shares B is halved compared with the amount that was outstanding at year-end 2018, this being € 45,100,000. The company has the right to repurchase or cancel these financing preference shares B at any time. Redemption elements are applicable under certain conditions during the newly agreed review period. In the event of any interim redemptions, the voting ratios are revised on 30 June each year. For information about specific agreements and associated terms and conditions, we refer you to section 6.21 of the financial statements in this annual report.

## Issued share capital and equity holdings

The issued share capital and associated voting rights were last changed in 2021, as a result of 1) the issue of (depository receipts for) shares related to the payment of compensation on the cumulative financing preference shares B in the form of (depository receipts for) ordinary shares and 2) the issue of (depository receipts for) shares related to the payment of the dividend on (depository receipts for) ordinary shares in the form of a stock dividend.

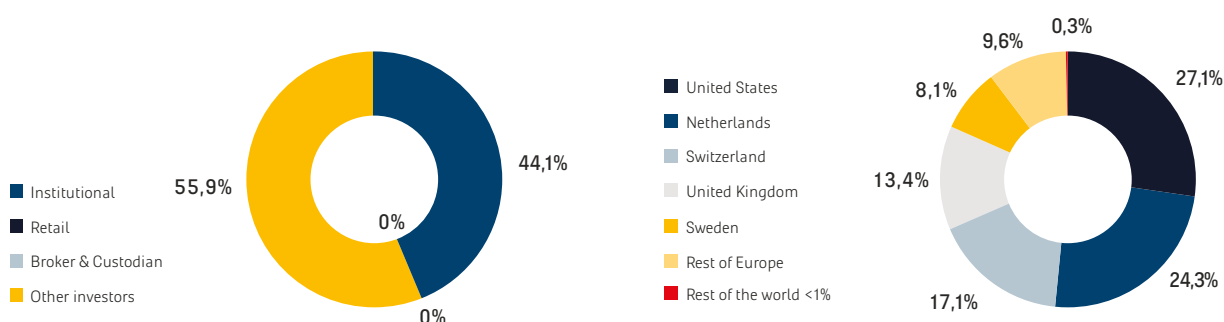
In addition to this, two payments were made on the cumulative financing preference shares B from the share premium reserve as a result of the redemption elements as described in section 6.21 of the financial statements in this annual report. This pertained to 1) the dividend coupon rate and 2) an amount corresponding to 50% of the amount of dividend paid out on (depository receipts for) ordinary shares (regardless of whether this was stock dividend or cash dividend). This reduced the value of each cumulative preference financing share B to € 6.82 from € 9.28. Following this, the voting rights ratio as per 30 June 2021 was reduced accordingly. For the background to these payments and adjustments, please see section 6.21 of the financial statements in this annual report. One cumulative preference financing share B entitles the holder to 0.871 votes. Ordinary shares entitle holders to 30 votes per share. The composition of the issued capital and associated voting rights as at 31 December 2021 was as follows:

	Issued capital		(Potential) Voting right (%)	
	Number	% (based on nominal value)	Number	%
Ordinary shares	22.760.479	87,8%	682.814.370	99,4%
For which depository receipts issued	22.760.472	87,8%	682.814.160	99,4%
<b>For which no depository receipts issued</b>	<b>7</b>	<b>0,0%</b>	<b>210</b>	<b>0,0%</b>
Depository receipts	22.760.472	87,8%	682.814.160	99,4%
Cumulative preference shares	4.510.000	12,2%	3.928.210	0,6%
<b>Total year-end</b>	<b>27.270.479</b>	<b>100%</b>	<b>686.742.580</b>	<b>100%</b>

To the best of Heijmans' knowledge, and also based on the WMZ (Dutch Major Holdings in Listed Companies Disclosure Act) register maintained by the Dutch Financial Markets Authority (AFM), the following investors held an interest of 3% or more in Heijmans as at 31 December 2021:

Holdings in Heijmans	31 December 2021		31 December 2020	
	Capital (%)	Potential voting right (%)	Capital (%)	Potential voting right (%)
Kempen Capital Management N.V.	7,0%	1,3%	6,3%	0,4%
NN Group N.V.	6,1%	0,3%	6,3%	0,4%
Quaero Capital SA	5,2%	5,9%	4,9%	5,5%
ASR Vermogensbeheer	5,2%	5,9%	5,4%	6,1%
Dimensional Fund Advisors LLP	3,6%	4,1%	3,6%	4,1%
Acadian Asset Management LLC	3,6%	4,0%	3,5%	4,0%
Unionen	3,1%	3,5%	3,2%	3,6%
JP Morgen Asset Management UK Limited	3,0%	3,4%	<3%	<3%
Gustav Zech Stiftung	<3%	<3%	4,4%	5,0%
	<b>36,8%</b>	<b>28,4%</b>	<b>37,6%</b>	<b>29,2%</b>
Other holdings	63,2%	71,6%	62,4%	70,8%
<b>Total</b>	<b>100,00%</b>	<b>100,00%</b>	<b>100,00%</b>	<b>100,00%</b>

Based on the information provided by banks and custodians and information services, the distribution of share ownership can be broken down as follows:



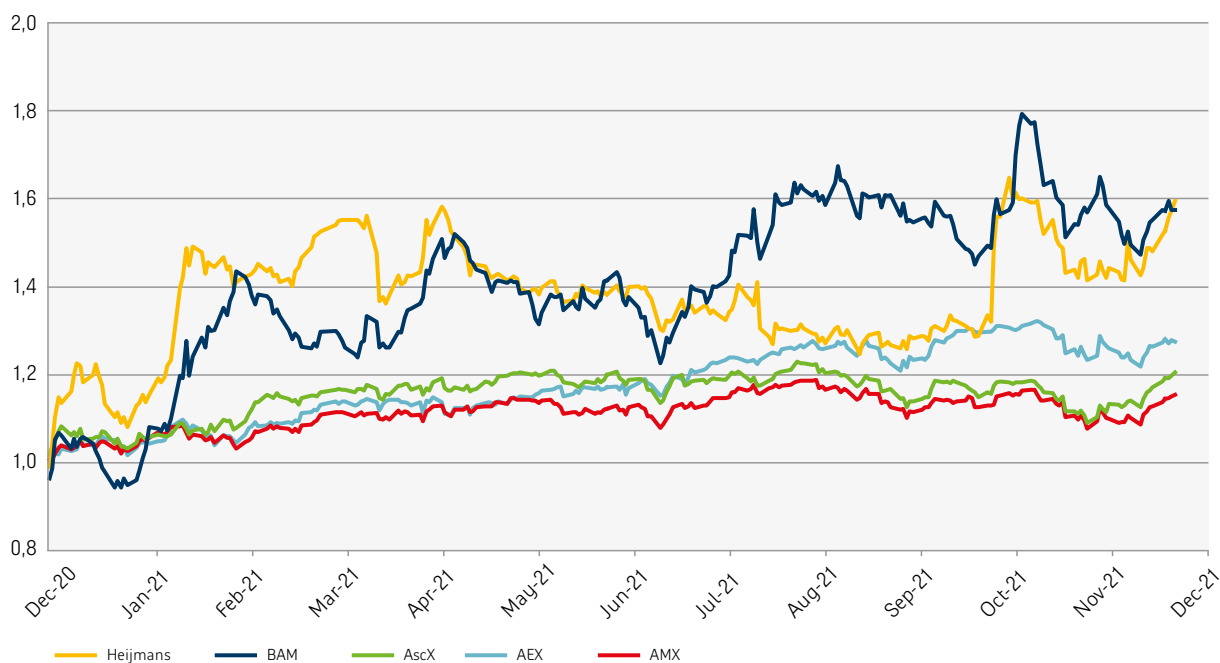
In the year under review, the (estimated) shareholdings of institutional investors probably increased to 44% (2020: 40%). An estimated 24% of the depositary receipts for ordinary shares are held by institutional investors in the Netherlands. This is an increase on year-end 2020 (17% in the Netherlands). An estimated majority of the depositary receipts for ordinary shares held by private investors are held in the Netherlands.



## Share price development

The closing price for the ordinary share was € 14.90 at year-end 2021. This represents an increase of almost 60% compared with the closing price for the 2020 financial year (€ 9.33). This compared with a rise of between 15% and 28% in the AEX, AMX and AScX indexes in the same period. The share price increased particularly sharply in early November, when Heijmans raised its outlook for the rest of the year in its Q3 trading update. The figure below shows the price movements of Heijmans shares in 2021 compared with the AScX, AEX and AMX indexes, and compared with the other listed Dutch construction company, BAM.

Movements in Heijmans share relative to AScX index and BAM



## Financial calendar 2022

Heijmans has set the following (publication) dates for 2022:

Date	Event	Time
12 April 2022	General Meeting of Shareholders	14.00
14 April 2022	Ex-dividend date	
29 April 2022	Q1 Trading update	Pre-market
29 July 2022	Publication interim results 2022	Pre-market
2 November 2022	Q3 Trading update	Pre-market



# Smooth switching for optimal working environment

The love child of CSU and Heijmans, Beyond Eyes, is growing up. From the measurement of occupancy and cleaning on the basis of sensors, the platform has developed into a digital facilitator for collaboration. Beyond Eyes is a range of services on a single digital platform that facilitates collaboration in a building. "Beyond Eyes connects all the services in a building, which enables you to build coalitions", says Esmée Ficheroux. "If you know the use and occupancy of your building, then you can make changes to the workplace lay-out, regulate your indoor climate, adjust your cleaning schedules and regulate your energy consumption."

"This is all based on measuring and analysing your building usage", Ton Fleuren adds. "Then you know how to arrange everything as optimally as possible." Now it's time to add some new family members, joke the 'spiritual mother and father' of Beyond Eyes. To make the palette of services even more complete, the two are thinking about healthy catering and waste management. But in an equal and smooth collaboration. Ton concludes: "Our goal is to become a partner that help clients realise an optimal working or living environment. Smooth cooperation is the key. And any technology that is required is purely to support the process and the people."

**Esmée Ficheroux**, member of the CSU Management Board, and  
**Ton Fleuren**, Director of Business Development Heijmans



Read the interview  
at [heijmans.nl](https://heijmans.nl)





## 6

# Sector developments and trends

**As an innovative company in the construction sector, we keep a close eye on trends and developments in society, so we can align our propositions as effectively as possible with the needs of our clients and end users. Below you will find a brief outline of the developments we have identified and how we are responding to them.**

## **Safety in de sector**

Safety is the number one priority in the construction sector. Sadly, every year there are still too many accidents in the Dutch construction and infrastructure sector. The entire sector wants to work together to change that. One of the things we are doing is making safety risks in the sector both transparent and manageable, for instance through preventive safety measures and monitoring. We are working together to gain more insight into accident figures. This gives us insight into risks and helps us come up with targeted measures. The entire sector is constantly improving its learning potential. By increasing general safety awareness, we also stimulate changes in behaviour.

The so-called Safety Culture Ladder (SCL), or Safety Ladder, has now been widely embraced by the sector. Heijmans' Infra business area has achieved level four (the second-highest level) on the ladder and we are now targeting level four for the entire organisation in 2022. Meanwhile,

Heijmans has taken the lead in the sector thanks to its virtual reality project. To increase safety on building sites and reduce the number of accidents, we run safety training sessions with a virtual reality headset. Our goal is to improve safety in the entire chain, from clients to subcontractors. This is why we also offer the training session to our subcontractors, so they can join us on this journey. After all, no single party can change this by themselves.

### Covid-19

In 2021, Covid-19 once again demanded a lot of energy and effort from our people. We had to switch gears a number of times in the course of the year due to changing Covid-19 guidelines. Working from home had a major impact on how we collaborated and the curfew required a lot of flexibility from our colleagues, so we cannot thank them enough. We accelerated the digitalisation of our development and sales processes, but we also switched to digital communications for the likes of project coordination, both internally and externally. That proved to be highly efficient, but we missed the contact with our colleagues and fellow humans. Working in physical teams boosts our creative processes, but also meets that need to simply be a part of an organisation.

The building and technology sector as a whole is still working according to the 'Let's keep working, safely' protocol. This provides everyone with the information they need to work safely during the Covid-19 crisis. The Dutch construction sector and installation technology sector organisations, Bouwend Nederland and Techniek Nederland, submitted the protocol to the Ministry of the Interior and Kingdom Relations in 2020. The protocol was then added to and adopted in consultation with the Minister of the Interior and Kingdom Relations and the Minister of Infrastructure and Water Management, along with various segments of the construction sector and the trade unions. This protocol is now constantly maintained and adjusted on the basis of the prevailing measures, which are in turn based on the current advice of the Dutch National Institute for Public Health and the Environment (RIVM). The protocol is meant to serve as a guide for safe working practices. Heijmans complies with this protocol at every location, plus we actively discuss situations and we take extra measures when necessary. Thanks to this protocol, our people can carry out their work at building sites both safely and responsibly.

We are seeing increasing market demand for houses with space for an extra room for home working. More and more people are also looking to live closer to nature and water. However, the supply of these homes has declined, especially in the western and central regions of the

country. This is why people are now choosing to live in other parts of the Netherlands, so they can at least live in a house. And thanks to the prevalence of home working, distance from work is seen as less and less of a problem.

### Climate change and the energy transition

Driven by our own vision and mission, but also by government regulations and the increasing demands of our stakeholders, the need to switch to sustainable energy and equipment is becoming more urgent by the day. The Paris climate goals set the parameters for this switch. The Dutch Energy Transition Progress Act has even made the gas-free development and construction of new-build homes mandatory in the Netherlands. On 1 January 2021, the existing standard for the energy performance of homes (the Energy Performance Coefficient: EPC) was replaced with BENG (near energy-neutral building) standard. This formulates sustainable ambitions for new-build homes. Clients are now tightening the energy efficiency requirements of homes at an accelerated pace and that is putting a lot of pressure on designers and builders.

In addition to the transition to gas-free construction, we are seeing other major shifts in the energy landscape. The emergence of e-mobility, for example, requires adjustments to infrastructure, and we will need to replace local networks to secure energy supplies in the future. These types of projects require an integrated approach, in which we deploy knowledge from the various business areas within Heijmans. Heijmans' ambition is to be CO<sub>2</sub>-neutral no later than 2023. We have defined our approach to this target in an Energy Management Plan and we have made four working groups responsible for execution; each group is responsible for one of the areas in which we are taking action: offices, car fleet, building sites and equipment.

Every year, we map out our CO<sub>2</sub> emissions. And we are certified at the highest level of the CO<sub>2</sub> performance ladder. This means we can show our clients how we are performing on this front.

Several examples of measures that have emerged from the working groups:

- If we have long-term rental contracts or own our offices, we install solar panels on the roofs and opt for LED lighting. We also do this with as many of building site huts as we can. And we are 'greening' our total energy consumption.
- To help make our car fleet more sustainable, we have introduced incentives for the use of electric cars and we offer employees a mobility budget. Last year, 38% of the

total number of lease cars we ordered were electric. We are also expanding the number of charging stations at our offices. After 2023, all the lease cars we provide will be electric, so we will no longer have any CO<sub>2</sub> emissions from our fleet in 2028.

- Making building sites and equipment more sustainable will require measures from the entire construction chain. This is why Heijmans is active in the Emission-free Network Infra (ENI), a platform we and other construction firms are using to approach building equipment manufacturers. In addition, we are investing in improving the sustainability of our equipment and charging infrastructure for our building sites. By purchasing sustainable asphalt from Asphalt.nu, we are also encouraging them to increase the sustainability of their production.

## EU Taxonomy

The EU Taxonomy is new European legislation for the classification of sustainable and non-sustainable investments. The aim of this legislation is to determine the conditions under which an economic activity can be classified as an activity that makes a material contribution to the mitigation of climate change and to determine whether that economic activity does not inflict significant damage on one of the other environmental targets. Due to its stock exchange listing, Heijmans is among the first group of companies in the Netherlands that are subject to this new legislation. This year, we are looking at two themes: climate adaptation and climate mitigation. You will find more information on this in appendix 15.7.8.

## Nitrogen and PFAS

The government's nitrogen emissions plan continues to raise concerns. Will current and future measures be enough to get the construction industry back on track? They may bring relief for residential building, but the current plans do not solve the problem for the construction of large-scale infrastructure projects. After all, a permit is still required for emissions in the in-use phase and the government has so far failed to create enough room for those 'in-use' nitrogen emissions.

Construction sector umbrella organisation Bouwend Nederland is calling on the government to focus on a significant reduction in nitrogen emissions at source. This would create the required room for the in-use phase of infrastructure projects and for new economic developments.

In addition, this issue requires additional attention and financial resources. Society is constantly changing and this has an impact on the accessibility of cities. Being able

to reach relevant destinations is a significant condition for participation in urban society. Urban infrastructure is designed to get large numbers of people from A to B as efficiently as possible. And yet research shows that it is still difficult for some urban groups to get to destinations such as work, education or healthcare. Most local authorities are now focusing on the further reduction of car travel and the stimulation of – in order of importance – cycling, walking and public transport. Cars have had their day in urban environments. Cities are steadily reducing the number of parking spaces or making them more expensive. The bicycle is the 'new car' in terms of the use of space and nuisance. We need to keep discussing this issue.

Opening up new residential building locations deserves at least as much attention. This will require collaboration with the government, simply because we are increasingly having to look at building homes in out-of-town locations. The Rutte IV coalition agreement has increased the possibilities for 'building in the green', including government investments in infrastructure. As part of its so-called Mobility Fund, the government has set aside € 7.5 billion to improve access to its 14 designated urbanisation regions. Together with the cities and private players involved, the government is working on the integrated development of 14 large-scale residential areas. The 100,000 homes that can be built in these areas are badly needed to reduce the growing housing shortage. In addition, we are seeing the development of an increasing number of residential areas, including out-of-town locations. This has been laid down in the National Environmental Vision (NOVI). We need good connection between urban regions to make full use of the power of the network as whole.

Mobility from A to B is a major asset in our society. That mobility will continue to require maintenance and sometimes the new construction of roads in the smartest and most sustainable way possible. Untangling the nitrogen emissions problem is crucial on this front. If we want to keep the economy running, we need the government to make clear decisions and choices, something that has been lacking up to this point. Despite the low percentage of nitrogen emissions generated by the construction sector (0.6%), we are making every effort to accelerate the reduction of emissions, in cooperation with our public sector partners. This is true for both nitrogen and PFAS. This drive will require both effort and inventiveness. Through our participation in the ENI initiative (Emission-free Network Infra), we are trying to reduce both nitrogen emissions and other emissions.

## Circularity

Circular construction is one of the avenues we can take to protect the climate and the environment. Preventing waste and recycling materials are a major priority on this front, as material flows become material cycles. This has major consequences for the construction industry. The switch to circular thinking requires a change in mindset and a great deal of effort. Genuine circular thinking encompasses the entire lifecycle of an object to be built: from design for reuse to life-extending maintenance and the collection and reuse of residual materials.

Heijmans is contributing to this effort by devising circular designs and by building circular objects. We also devote a lot of attention to these designs internally, through initiatives like our annual 'circular economy week'. Thanks to new technologies, the industrial-scale production of concrete homes is becoming more and more circular. And the steps we can take to increase the sustainability of these homes are increasing: from plastic door and window frames (100% recycled material) to the use of green concrete, or the digitalisation of material flows analysis, which makes it easy for us to manage projects in terms of their use of sustainable materials.

Another trend that may also make a significant contribution to circularity is the switch that an increasing number of companies are making from producer to service provider. This is no longer about selling products, but about offering products as 'as a service', where the client pays for the use of a product. We are also seeing the first signs of this shift in the construction sector, and we too are exploring the opportunities this creates, including all the legal and financial consequences. Our moveable Heijmans ONE home is just one example of a concept that has all the features that will make it possible to offer the home 'as a service' at some point in the future. It is also a solution for temporary housing for starters or people who come to the Netherlands from other countries and will eventually be looking for permanent housing.

## Industrial-scale building

Conceptual residential building has now built up a solid track record with our clients. The association with 'boring uniformity' is now very much a thing of the past and does no justice at all to the sheer diversity of types and the rich variation in façades, heights, roofs, floor plans and personal touches that are possible in 2022. We can easily refute the myth that conceptual building results in uniformity, by pointing to examples in various parts of the Netherlands.

In addition to building more and more sustainably in concrete with the Heijmans Huismerk homes, timber frame construction (Heijmans Horizon homes) is set to

become a significant pathway on a number of fronts in the very near future. This is fully in line with nationwide challenge to increase the housing stock in the Netherlands and make it more sustainable. In January of this year, Heijmans started to build timber frame homes and is planning to accelerate the scale-up to large-scale production. Heijmans can do this thanks to its acquisition of IIBO's energy-neutral timber frame production facility in late 2021, and its collaboration with an experienced partner. From 2022, Heijmans will use timber-frame technology on a large scale, underlining our ambition to build in a CO<sub>2</sub>-neutral manner.

Our aim is to use the production facility for the production of standardised timber frame homes, while retaining a wide variation in look and feel. In addition to this, we will continue to work with our existing co-makers to produce the Heijmans Huismerk homes in concrete. So Heijmans is deliberately opting for a two-track strategy. On the one hand, we are accelerating the prefabricated production of Heijmans Horizon timber frame homes from this year. On the other hand, we will continue with the conceptual construction of homes using sustainable concrete.

To get this process of industrial-scale construction up and running on a solid basis, Heijmans sought collaboration with an experienced partner, with know-how, expertise and production capacity. Chain integration maximises the efficiency of the whole process, from buyer's choice to the delivery of the home. A serial and digitalised building process reduces the impact at building locations and therefore the nuisance for the local neighbourhood. Industrial-scale construction also reduces failure costs and speeds up production. Working on the basis of a variation library makes it easy for Heijmans to incorporate specific client wishes and enables us to deliver a varied end product.

Timber frame construction also has a positive impact on the environment, as using timber reduces weight by some 50%. And in the user phase, this new generation of homes generates the same amount of sustainable energy as they use. Timber is also circular, which helps to reduce the CO<sub>2</sub> footprint of these homes throughout their entire life-cycle. Finally, timber frame homes help create a healthy living environment.

In line with this effort, Heijmans and forestry conservation organisation Staatsbosbeheer have signed a letter of intent on collaboration on a number of fronts related to sustainable building. This includes the delivery and procurement of bio-based building materials, such as timber, and adding green areas in new residential neighbourhoods and area development projects. Together



with Staatsbosbeheer, we are studying the possibility of joining forces to plant forests and then harvest, process and use the trees in Heijmans' new timber frame homes. Staatsbosbeheer harvests some 300,000 m<sup>3</sup> of sustainably produced (FSC-certified) round timber a year, and 45% of this is used in the construction sector.

Another pillar of this collaboration with Staatsbosbeheer is our shared ambition to create healthy living environments. The Netherlands is faced with a major spatial planning challenge, both in terms of housing supply and enhancing natural areas. By working together, Heijmans and Staatsbosbeheer can work on integrated solutions. For instance, as the largest nature conservation organisation in the Netherlands – with ownership of more than 260,000 hectares of land - Staatsbosbeheer has developed its own strategic programme, 'Green Metropole'. By giving as many urban dwellers as possible access to nature, Staatsbosbeheer wants to help create an attractive residential and commercial climate in cities.

A third theme we are exploring is the development of the Dutch market for CO<sub>2</sub> credits. Heijmans wants to use these credits to support the planting of forests. These are purchased voluntarily to reduce the short-term impact of CO<sub>2</sub> emissions from activities. For the longer term, we are working on more fundamental measures, such as emission-free equipment.

### **Making equipment and transport more sustainable**

Construction companies and the sector as a whole are facing a number of major challenges that we can only resolve by working together. This is why collaboration between all the players in the market is crucial. In 2025, a large part of transport in cities will have to be emissions free. For every € 10 million in city centre maintenance, the delivery of materials alone accounts for 35,000 kilometres a year in transport within that same city. The emissions and traffic problems this creates is a major societal problem. You cannot solve this kind of problem alone. Today, the maintenance of a building requires dozens of daily transports. There are faster, cleaner and smarter ways to do this. This is why Heijmans has joined a collaborative initiative with a network of various partners. This collaboration gives Heijmans access to logistics hubs and emissions-free transport in the largest cities in the Netherlands. The result: a new logistics system, Heijmans Sustainable Service Logistics, which cuts emission by 100%, reduces transports by 70% and gets deliveries on site two hours earlier. Over the past three years, Heijmans has tested this system numerous times, continued to develop it and has now launched it in practice. In the meantime, Heijmans has started the service in

Amsterdam, Rotterdam and Leeuwarden. The Hague, Leiden and Schiphol airport are set to follow shortly.

Heijmans has also taken sustainable energy supply into use to provide electricity for large-scale equipment. The combustion engines used to generate the electricity run on biogas extracted from sludge supplied by local sewage treatment plants. Using this green fuel reduces particulates emissions to zero and nitrogen emission to negligible levels. Heijmans will continue to make additional investments in making its equipment more sustainable.

In 2021, Heijmans also acquired a stake in transport company Millenaar & van Schaik, which is playing a leading role in the transition from fossil fuels to sustainable transport and is constantly innovating on this front. In addition to the fact that all Millenaar & van Schaik lorries run on environment-friendly diesel (HVO), the transport firm was the first company in the Netherlands to take 10 hydrogen-driven tippers into use in 2022. The company has also teamed up with Volvo to develop a five-axle lorry. This is smaller than traditional lorries, but can carry the same loads, which obviously has a positive impact on the environment.

### **Healthy living environment**

Our mission - to create a healthy living environment – is a seamless fit with a broader movement that has been visible in society for some time. The Dutch government also wants 'health' to be explicitly included in the development of spatial policy, and in 2020 it issued the national memorandum on health policy 2020-2024. Local authorities will have to put users first and encourage a healthy lifestyle. Meeting people in public spaces must also be made easier and safety has to be improved.

To actually create a healthy living environment, our work does not stop after the completion of a project. We want to stay involved, generate and monitor data to gain a better understanding of the influence of the living environment on people's health. We use the resultant insights and results to make the living environment even healthier and smarter in the future. We do this together with partners such as the RIVM (National Institute for Public Health and the Environment), the Lung Fund and Utrecht University of Applied Sciences.

In new-build projects, we devote specific attention to the indoor climate, which is essential to ensure a healthy living environment. For example, at Maanwijk we started a pilot that will enable residents to monitor the air quality and CO<sub>2</sub> emissions in their own homes. The accompanying app can then provide residents with tips and information based on the data collected. Heijmans has also set up

a partnership with the Dutch Lung Fund. Together, we are investigating whether we can develop a quality label focused on the air quality of an environment, with the aim of always being able to work towards a certain standard.

Our goal is to create a healthy living environment for all people, regardless of their budget. We do this by responding optimally to the current wishes of residents, users, businesses, public sector bodies and other organisations. We also want our area developments to help solve local social challenges, such as increasing self-reliance, combating loneliness and improving air quality.

At Heijmans, we aim to leave the location of every area development in a better state than it was at the start of the project. Essential to this is the monitoring and measurability of differences. One step we always take is to make the long-term future of these developments a priority via an integrated area-specific approach. It is more difficult to quantify the impact of adding green areas on health, social cohesion and loneliness. The positive impact of green spaces on well-being was made abundantly clear during the Covid-19 crisis. More people appreciated the positive impact of having green areas in their neighbourhood. The time is ripe to include the addition of green spaces in the development plan in every project.

### Smart solutions

Traditional instruments are no longer enough to tackle the challenges of the future. A smart approach and intelligent solutions are needed to manage health in areas that are becoming increasingly urbanised and densely populated, while at the same time continuing to deal responsibly with our natural capital. Heijmans has experience and expertise on the Smart City front, and we want to be a valued partner for municipalities, corporations and investors with transition issues, both in various sub-areas of the Smart City, and as an integral part of new area developments and transformation areas.

We enhance the 'physical world' with data-driven solutions and technology. We are moving from 3D to 4D. Through the smart use of data and digital applications, we optimise the comfort, safety, efficient use of space and sustainability of cities and areas. Obviously taking into account the privacy, autonomy and dignity of residents and users. This enables residents and users to get the most out of their healthy living environment.

### Digitalisation

Information technology is a game changer in society and vitally important to the entire economy. Digitalisation allows us to improve and accelerate our production processes. And smart analysis of big data is making the



Saskia Pijnenburg, Commercial and Market Development Manager at Heijmans, taking a walk in the Koningsoord residential neighbourhood in Berkel-Enschot.



management and maintenance of existing objects more efficient and safer. Technology is also helping us to increase the safety awareness of our professionals, for example through training with virtual reality applications. They can enter the 'digital construction site' to see and experience a building site in practice.

And the end of digital development is nowhere near in sight. We are increasingly working with BIM (building information model: a digital model of an object to be built) and Digital Twins - a virtual version of an object to be built - which we can use to conduct extensive tests even before physical production starts. And this continues to run throughout the life cycle long after delivery. The products we deliver are also generating more and more smart data.

Heijmans uses applications that digitalise the design and construction process. The result: faster and more efficient work. One example is an application for the design process of earthworks. By linking data sources and software packages and by using powerful algorithms, the application offers the user a range of design solutions in one go. Thanks to parametric design, with the right information, you can make better choices more quickly. A good example of this is the automated design of heating networks by Heijmans Infra, which offers designers a number of variants of the heating network via the software they can control via their laptops. This makes the physical solution on the ground as efficient as possible.

### Pressure on the housing market

We are seeing persistently strong demand on the housing market. There is confidence in the housing market in the longer term, but demand is shifting, partly due to the ageing population. The number of single and two-person households is increasing. On the other hand, the supply is declining, primarily because of insufficient planning capacity. Due to a lack of locations and delays in production - as a result of slower permit procedures - there is too little planned supply. At municipal level, it is difficult to get new plans on the agenda. Nor is the policy of building largely in inner city locations helping to speed up the process, plus it makes it more difficult to build inexpensively. Building in inner cities puts specific demands on projects, is often complex and requires longer development and production times. At municipal level, it is difficult to get new plans, both inner city and out-of-town, on the agenda and increase planning capacity by doing so. We need direction at a national level, together with the designation of large-scale locations, to boost housing supply.

The high demand and declining supply are pushing up prices. Construction costs are also rising as a result of the

global scarcity of various raw materials and the concomitant rise in prices. Deliveries are delayed, and in new projects, cost prices are having an impact from the start. Construction costs are also being pushed up by ever-increasing additional regulations and higher quality demands. Since the 2008 crisis, 100,000 people have left our sector and two-thirds of them have not returned. This enormous shortage of personnel is also leading to higher costs. The high demand and higher prices have made it difficult for starters to enter the housing market, which has an impact on the housing market as a whole; we are also seeing less movement in the more expensive segments, and this is again pushing up prices. The affordability of homes has now been under pressure for some time.

Heijmans would very much like to help break the impasse on the housing market and increase planning capacity on a structural basis. After all, greater supply will restore balance to the market. With further standardisation and industrialisation, it should be possible to make production processes more efficient and in turn make homes more affordable. Heijmans offers a growing number of housing concepts - for both houses and apartment complexes - that respond to the growing shortage of homes, but also to changing demand and affordability issues. This is also a response to the reduced availability of labour the sector is currently dealing with.

However, we still need consistent policy and regulations. One thing that is certainly not helping the sector are the delays due to the protracted procedures of non-stakeholders. Someone from another city can object to a project, while that person has no direct interest in that project. We are seeing frequent objections to permits and the spatial planning procedures are unnecessarily prolonged. This should be organised differently. It will take a considerable effort to bring supply and demand back into balance. Nevertheless, the outlook for the housing market is positive and demographic developments offer enormous opportunities for our company. Heijmans is continuing its dialogue with (local) authorities, principals and the media to keep the debate on this subject on the agenda.

### The Didam ruling

In the Didam ruling of 26 November 2021, the Dutch Supreme Court ruled that local authorities must give (potential) buyers the opportunity to compete when they are selling land. This means that local authorities are no longer free to sell land to a party of their choice. Local authorities have to offer equal opportunities when they are selling land. Before this ruling, local authorities generally sold their real estate on a one-on-one basis. It is still too soon to determine exactly what impact this ruling will have on housing production targets, but it will

certainly hinder the planned (extra) acceleration of housing production. Local authorities are wondering what impact this ruling will have on existing and ongoing projects. To what extent can they still (continue to) negotiate and execute agreements reached with developers? In the face of these uncertainties, local authorities are putting on the brakes, which is delaying residential building projects.

### Need for mobility

Mobility continues to be a major requirement in the Netherlands, and this is creating a constant need to resolve bottlenecks and improve overall capacity. We are also seeing a growing desire to find a way to align these solutions with the need to protect the environment, in terms of both landscape and ecological requirements. New developments, such as mobility-related data collection and the increase in the number of electric cars, are also raising new issues. These include the increase in the number of central charging stations and the construction of charging points in cities. Heijmans is responding to this demand in a number of ways, including the installation and exploitation of charging points. The rise of hydrogen as a fuel may also result in increased activity in the field of cables and pipelines.

One major challenge is the state of the ageing road network and structures (bridges, viaducts, etc.). The lack of maintenance on infrastructure has led to harrowing situations at Dutch bridges and viaducts. Many of these were built in the 1960s and are crying out to be replaced. This is a huge task and should not be underestimated. A prime example is the Haringvlietbrug bridge. Aluminium plates that were fixed with clamps are being shaken loose due in part to the increased intensity of the traffic that drives across the bridge. This led the authorities to reduce the maximum speed to 50 km per hour; a desperate measure that seems totally out of proportion by Dutch standards. The government has to invest more in replacement and renovation and focus on management and maintenance.

### New types of contract

The industry has seen too many setbacks in larger infrastructure projects in recent years, and what we are seeing now, after the resultant financial losses on these projects and the one-sided contract provisions between principals and contractors, is that contractors are now reluctant to take on large, complex projects. The risks have been borne primarily by contractors in recent years, but the profit margins have not risen in line with the risks, which creates an imbalance between an acceptable risk and the related healthy earning capacity. In addition, price has been the leading factor in tenders for far too long. This

development is obviously not good for the sector, whether you are a contractor or a principal. This is why it is good that both parties are now considering how we can revitalise the infrastructure sector, which is also of major importance to society.

Of course principals want bids that are in line with the market and that are subject to healthy competition, but at the same time, principals also have an interest in a healthy infrastructure sector. Market players want a better balance between risk acceptance and earning capacity. At a time when much remains uncertain, they cannot commit to a fixed price or a tight schedule. The market is willing to take risks, but must be able to influence them so they can control or mitigate these risks. Moreover, this has to be accompanied by reasonable financial compensation. For any proper discussion of this problem, all the parties involved need to understand each other's position and each other's interests. Transparency and openness are needed to set change in motion.

In the cooperation between private parties and a number of public sector clients, such as the Dutch Ministry of Public Works and Waterways (Rijkswaterstaat) and water boards, we have seen a number of significant developments that have led to improvements in contracts and a better distribution of risks and opportunities. Based on a study by McKinsey, the Ministry of Public Works and Waterways is planning to divide large-scale projects, or parts of these projects, into two phases. First, there will be a brief tender phase to arrive at the selection of a party. Together with the client, this party will then work out the basic principles of the project up to and including a final design. The major advantage of this working method is that the final design gives all parties involved a much better picture of the risks and costs before the contract is awarded. This reduces the chances of changes during execution.

Another change in tender policy is the clustering of similar contracts. For instance, in the coming years, rail operator ProRail wants to put all crossings on separate levels (above or below ground level). This will require the construction of viaducts or underpasses in numerous places in the Netherlands. ProRail is issuing contracts for this in clusters of 10 or 15 projects. This creates an incentive to consider a more standardised approach to processes and projects, to both cut costs and accelerate completion. As a result, the contracted party will be able to develop specific expertise and come up with innovative solutions for the realisation of the projects.

Another example is the Schiphol maintenance contract, a long-term cooperation agreement that stimulates joint



innovation. We expect (semi) public sector bodies to use this type of contract on a larger scale, to respond to the major task of maintaining our post-war road network, bridges and viaducts for the future. Proper maintenance now will be a lot cheaper and lead to far less nuisance for road users than the large-scale replacement or renovation of our infrastructure at some point in the future. In the short term, this will lead to some delays in the planning, due to the fact that all the parties involved will have to gain experience with this working method. However, we see this development as a significant improvement and as a boost for both standardisation and innovation, with a healthy balance of risk and returns.

### **Available labour**

The pressure on the labour market in general, but certainly in all the sectors where people work with production technology, remains enormous. This has been an issue for years, long before the advent of Covid-19. The Netherlands has generally been failing for quite some time to stimulate young people to enter this sector. Many parents want their children to go to university. The effect of this is that manual work is sometimes seen as less fulfilling. This does not just apply to the construction sector, but also to people in healthcare, car mechanics and countless other essential professions. These professions are not given the respect they deserve.

Heijmans wants to continue to promote production technology as a sector that is and will remain interesting. This can include providing information for and working with schools. For instance, quite a few of our colleagues work as guest lecturers, and each year Heijmans organises a minor for students at the Avans University of Applied Sciences, as well as challenges for pupils at various technical high schools, plus we cooperate in business days. We also have a large number of trainees, interns and students in our organisation.

To make sure we can continue to execute our projects and services effectively, we need a good match between our activities and the available labour with the right skills and expertise. This is a field of tension and the ratios within this field are constantly changing, so as a construction company we have to create a healthy balance between directly deployable in-house employees and a flexible shell of temporary workers. The nature of our activities is also gradually changing. The implementation of our strategic agenda is making technology more important and this is creating a need for highly educated people for more specialist roles, such as those in the fields of energy, software and sustainability.





# "Part of a greater whole"

Part of my job is to look for the connection between technology and sustainability, and I find that at Heijmans. Working with colleagues from various departments, I drew up a plan of approach for sustainable and circular construction. I like the fact that Heijmans is thinking about how we want to leave the world for future generations. That is a statement that motivates me, also because you can see that the whole company is working on this. I noticed that as a trainee, because you work in different parts of Heijmans when you're training. The nice thing is that you can say what you want to learn and what expertise you'd like to explore. At Heijmans, you really feel that as an individual you are part of a greater whole. And almost all the colleagues I meet are eager to involve me in their work and teach me all sorts of things.

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**Denise Kerindongo (26)**  
trainee



## 7

# In dialogue with stakeholders

**As a company active in Property Development, Building & Technology and Infra, we deal with a broad playing field of principals and clients, employees, shareholders and other capital providers, suppliers and subcontractors. But obviously, we also deal with the industry as a whole, public sector bodies, think tanks and educational institutions, social groups and end-users.**

We interact intensively with all of these groups to maintain a connection with the market and to hear the views of specific stakeholders on what they consider important. Our stakeholder interaction is a fully continuous process, with various contacts and meetings in the course of the year. For instance, in 2021 the Executive Board played an active role in discussions with the Works Council, clients, employees, suppliers, shareholders, lenders and analysts.

In the year under review, we organised various meetings with stakeholders to discuss a number material issues and we initiated a number of joint actions. Due to Covid-19, many of these meetings were held digitally.

One example of our interaction with stakeholders was our contribution to the Sustainable Den Bosch Network, which is meant to act as a link for existing initiatives in

the region. Another example was our participation in the Infra Taskforce, in which we are working with principals and contractors to ensure a healthy infra sector, with an emphasis on innovation, digitalisation and sustainability.

It was clear in all these discussions that the themes of health, safety and sustainability are playing an ever greater role in society as a whole. Sustainability is becoming more and more of a priority for our stakeholders and we are seeing a growing willingness to foster circularity and energy-neutral construction. We then organised a corporate stakeholder meeting and put the insights we gained from the various stakeholder meetings to panel members from a number of target groups, including local authorities, consultancies, insurance firms, clients and suppliers. At this meeting, we discussed Heijmans' strategy, policies and goals and presented our materiality matrix. The participants recognised the main themes of this matrix.

In these sessions, Heijmans was repeatedly encouraged to keep setting ambitious goals. Because although there is a risk that we will not achieve all of these targets, we would also set the tone in the market and encourage other market players to set similarly ambitious goals.

Examples of some of our main stakeholder consultations:

• **Client contacts and evaluations**

We are in constant touch with our clients in the course of our activities, from the tender phase through to delivery and the after-care phase, and in the maintenance and management stages of our projects. We also devote considerable attention to the evaluation of our work with clients.

• **Roadshows and conferences**

Heijmans maintains contact with its shareholders and potential shareholders at various moments throughout the year. These contacts are not confined to our Annual General Meeting and other regular meetings with our major shareholders, as we also have individual discussions and meetings with existing and new shareholders at a number of conferences and trade fairs. Due to the Covid-19 situation, these conversations and meetings were mainly held in a digital format in the year under review.

• **Analyst meetings**

Heijmans has regular meetings with analysts who follow our share and the company. We organised analyst meetings for the presentation of the annual and interim results and held analyst calls when we published our trading updates in the spring and autumn. Those interested can follow the full-year and interim analyst meetings live and interactively via a webcast.

• **Works Council meetings**

Heijmans Executive Board members hold regular talks with the company's Works Council. Employee representatives maintain a broad dialogue via a number of permanent Works Council committees on specific themes: HSE (Health, Safety, Welfare and the Environment), as well as communications, social affairs, strategy and finance. Any insights these meetings generate are subsequently shared with the Executive Board.

• **Suppliers**

Given the increasing chain integration, suppliers play a crucial role in the realisation of our projects. We work very closely with our suppliers on the production front, but also in areas such as innovation and sustainability. One of our main goals on this front is to forge long-term partnerships.

• **Online media**

Clients, stakeholders and other interested parties can find information about Heijmans via the company's website. This information ranges from project updates and Heijmans' views on relevant themes in society to the financial calendar and press releases. Heijmans is also active on a daily basis on YouTube, Twitter, Facebook, Instagram and LinkedIn. This combination of appealing and current content has the greatest number of social media followers in the Dutch construction sector.

• **Capital providers and insurers**

Heijmans maintains intensive contacts with its capital providers and frequently explains the financial results to these parties. Heijmans also maintains contacts with credit insurers and guarantors.

• **Industry bodies**

Heijmans is a member and has a seat on the board of various trade organisations that regularly discuss trends and developments. These include Neprom (project development), construction industry and technical installation industry organisations Bouwend Nederland and Techniek Nederland. On this front, Heijmans participates in various consultation platforms and

underlying committees where information is exchanged on market developments, technology and sustainability. These organisations also act as a platform for collaboration in the setting of standards and to protect the interests of the industry as a whole.

Heijmans is also involved in a number of industry-wide initiatives. On the safety front, we are cooperating in the

development of the Safety in Construction Governance Code, as well as the Generic Port Instruction (GPI) and the Safety in Tenders standards. On the sustainability front, we participate in various Green Deals and covenants. In addition, we actively participate in a number of collaborative initiatives with various stakeholders. The following is an overview of the main Green Deals/covenants and collaborative initiatives.

## How do we create a healthy living environment?



Heijmans is building the contours of tomorrow and we do that by making things better, smarter and more sustainable. As part of this drive, we focus on the addition – as opposed to the removal - of energy, materials and space. In the construction industry, we have reached a number of agreements on how we design, purchase and produce sustainably and we are working with partners and fellow construction firms on making the Netherlands sustainable.

Name	Term
Concrete Protocol	2018 – 2030
Asphalt Association (VBW)	Ongoing
Safety in Construction Governance Code	Since 2014
Bouwend Nederland Safety Taskforce	Since 2017
City Deal: Electric shared mobility in urban area development	2018 – 2021
NL Greenlabel	Since 2018
South Holland Climate-adaptive construction covenant	Since 2018
City Deal 'This is how you create a smart city'	2020 – 2022
Healthy indoor climate coalition	Ongoing
Timber Construction Green Deal	2021 – 2025
Pro-nature construction manifest	Since 2021
KAN Climate-adaptive construction	Since 2021
Boosting biodiversity Midden Brabant	2020 – 2030
Utrecht Climate-adaptive construction	Since 2021

Memberships and collaborations	
SPARK Campus Foundation	Since 2014
MVO Nederland (CSR)	Ongoing
Dutch Green Building Council (DGBC)	Ongoing
Sustainable Den Bosch Network	Since 2021
Emission-free Network Infra (ENI)	Since 2020
De Bermen	Since 2020
Healthy urban living data and knowledge hub	Since 2021
Central Expert Council (CCvD) SKAO CO performance ladder	Ongoing
De Bermen	Since 2020

# Cutting CO<sub>2</sub> emissions: greener growth

Together with an ever-growing group of colleagues, Robert Koolen is reducing Heijmans' CO<sub>2</sub> emissions one careful step at a time. "We are doing this first and foremost because Heijmans wants to create a healthy living environment", says Robert. "On top of this, more and more of our clients are asking us to make our work more sustainable and to build emissions free. Not to mention the fact that sustainability-related regulations are getting stricter and stricter."

To get to the stage where we are CO<sub>2</sub>-neutral, Heijmans is focusing on generating its own energy, reducing emissions from its operations and offsetting the remainder. "Of course, we are also looking at how we can reduce the CO<sub>2</sub> emissions from our products and in the chain, for example by building more timber frame homes. The acquisition of an energy-neutral timber frame factory will help us do that."

Heijmans has four working groups active in the areas of housing, car fleet, building site design and equipment. "We are moving as fast as we can. However, in many areas we are dependent on suppliers and chain partners, with whom we are in constant dialogue so we can become more sustainable together." This is why Robert is a keen advocate of "much stricter regulations". After all, this will drive the sustainability of the entire construction chain. "Thanks to our scale and knowledge, Heijmans can respond relay effectively to this transition. Raise that bar, and we'll jump higher."

**Robert Koolen**, Sustainable Development Director at Heijmans



Read the interview  
at [heijmans.nl](https://www.heijmans.nl)










## 8



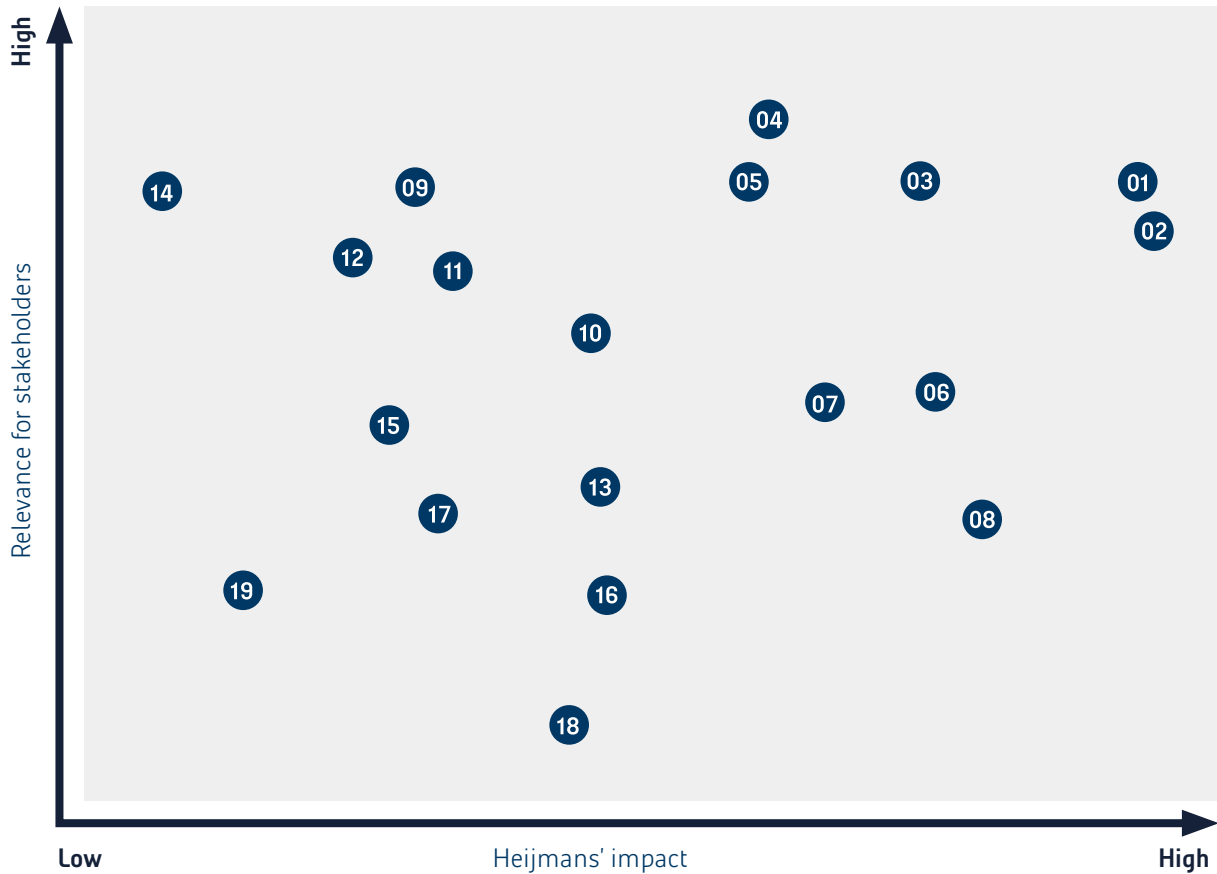
# Material aspects

As part of our strategy process, in 2020 we reassessed the previously conducted materiality analysis. On the basis of desk research, we took stock of the aspects that are material to Heijmans. As part of this assessment, we took into account trends in the sector and the issues relevant to clients, investors and other players in the construction sector. We subsequently invited a number of these stakeholders to discuss these aspects in concrete terms and to score them in terms of relevance. The selection of stakeholders is based on the extent to which we work together with the various stakeholder groups in the value creation model. As such, clients, collaborative partners, employee representatives and producers/suppliers are always included in the various dialogues.

In addition to this, we asked a larger group of internal stakeholders to assign a score to these aspects via a survey. We asked them to assess the social impact Heijmans has on a number of material aspects. Finally, the outcome of the process was discussed in the group board and subsequently adopted by the Executive Board. The result of this analysis is shown in the materiality matrix on the next page. The Executive Board is also involved in the management and control of material aspects, for instance by putting them on the agenda for consultations with the group board.

In the most recent stakeholder meeting on 13 October 2021, it was suggested that we replace the co-creation with partners theme with the broader term collaboration with partners.

MATERIALITY MATRIX AND MOST MATERIAL ASPECTS



#	ASPECT	#	ASPECT
01	Healthy living environment	11	Reducing company's own emissions (such as CO <sub>2</sub> )
02	Working safely	12	Co-creation with chain partners
03	Building energy-neutral solutions	13	Client-centric services
04	Circular building	14	Human rights
05	Climate-adaptive and nature-inclusive building	15	Recruitment of diverse talents
06	Use of smart technology	16	Employee engagement
07	Know-how development and retention	17	Working fairly and ethically
08	Being financially healthy	18	Risk management
09	Transparent communications	19	Privacy and cybersecurity
10	Training and development of employees		

The first six items are considered the most material aspects and are included in the Management Approach section in the appendices to this annual report.

Heijmans has embraced the 'creation of a healthy living environment' as its key ambition and we therefore see this as our most important contribution to society. This is also recognised externally, which is reflected in how highly this aspect is valued. Since this is an aspect in which we are seeing numerous new developments, we remain alert to the tightening of our business propositions and the right performance indicators.

Heijmans recognises the aspect of 'working safely' as one of its top priorities right across the company. In addition to the existing SCC (Dutch: VCA) certification and the Safety Ladder for the entire organisation, we set up a large-scale improvement programme: the Heijmans GO! programme. In recent years, we have developed various innovative solutions as part of this programme, such as the GO! app and the underlying system for reporting unsafe situations. The current programme focuses on continuous cultural change within the organisation, but also on active participation in sector initiatives to improve safety throughout the chain.

In terms of the 'energy-neutral building solutions' aspect, we used to look at the Energy Performance Coefficient (EPC) for buildings. This standard for the energy efficiency of buildings provided a good indication of the extent to which buildings are moving towards being energy neutral (EPC=0). In 2021, the government launched a new system for measuring the energy performance of buildings: BENG (near-energy-neutral buildings). This is not entirely comparable with the EPC. However, both indicators use a building's CO<sub>2</sub> emissions as their underlying indicator, so they are comparable on this front. In this report, we have used the average CO<sub>2</sub> emissions of the residential buildings we have delivered.

The 'climate-adaptive and nature-inclusive construction' aspect takes many shapes at Heijmans. In some projects, such as the raising of dykes or water storage, climate proofing is the explicit goal of the contract. But we also pay attention to climate proofing in all other projects, for example in the rainwater drainage of buildings. Our aim is for all our new area developments to meet the requirements of NL Greenlabel A.

The 'circular building' aspect is one of the strategic spearheads of Heijmans' strategy. In the design and selection of materials for new products, we now explicitly take into account material choices, detachability and recyclability. In addition to initiatives in our own business operations, we are also talking to suppliers about developing circular initiatives, using alternatives to existing products and reducing packaging materials in the building chain.

The 'deployment of smart technology' aspect has increased significantly in importance since the previous analysis. We are recognising this development, in part because the rate at which industrialisation and digitalisation are becoming part of the operational construction processes is accelerating, which justifies the high ranking of this aspect.

Based on the dialogue with our stakeholders, the 'financial health' and 'risk management' aspects do not score highly in the matrix. However, these aspects will continue to be a high priority for Heijmans' management. Heijmans' management is always fully aware of the crucial importance of risk management and financial control to the continuity of the company as a project-based operation and we will continue to focus closely on the related Key Performance Indicators (KPIs).

In the most recent Transparency Benchmark of the Ministry of Economic Affairs and Climate Change - a biennial study into the transparency of reporting of the 500 largest companies in the Netherlands - Heijmans came in at a very worthy 19th place last year. This means we scored the highest rating in the Construction & Maritime category. We are ranked 48-50 in the 2021 Tax Transparency Benchmark.

Financial control is crucial to the continuity of our organisation. Chapters 12 (Financial results), 14 (Financial statements) and Appendix 15.7.4 (KPI table) include the KPIs and notes that can be used to ascertain Heijmans' financial health.

You will find additional details and our performance on the material aspects in sections 10 (Strategy) and 12 (Financial results) of this annual report. These aspects are also included in the KPI table in Appendix 15.7.4 to this report.

# "Develop and grow in my own way"

Everyone thinks you spend all your time working in a ditch when you tell them you work in construction, but you do a lot more than that. The work at Heijmans is much broader! In my work in infrastructure technology, you do lots of completely different things. I visit different projects every week. It's really very diverse. I got to know Heijmans when I was a self-employed electrician and now I've had a permanent contract for four years. I've been given lots of opportunities and I've seized them. I can grow and develop in my own way and hopefully I'll get to be a senior technician at some point. Not every employer lets you spend a few months going back to school. Heijmans does. What makes my work so enjoyable is that you're somewhere different every day, and you get to be outside and have a lot of freedom. I feel more and more confident about joining in discussions on how we approach assignments. If I propose something, people listen to me and if it's a good idea we change previous plans.

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**Hakim Bouzaadalla (38 jaar)**  
technician





## 9

# Value creation and Sustainable Development Goals

**Heijmans does more than create value for its stakeholders, as we also focus on making a positive contribution to society as a whole. Our value creation model illustrates that long-term value creation.**

The value creation model can be explained as follows:

## **Business model and Strategy**

Operationalising our 'Creating a Healthy Living Environment' strategy is our highest priority. By realising our strategy, we are putting our mission to create healthy living environments into action. The most important pillars in this are the concepts of 'better, smarter and sustainable'. We do this through an organisation with the following core values: ownership, result focus and collaboration. And we take into account a number of significant trends and developments that influence our business model, such as the energy transition and the need for mobility and homes.

## **Input**

The input for the value creation model consists of everything we need to start value creation. This runs from the buildings we work from to the intellectual and human capital we need for the realisation of our products.

We provide several examples for each of the categories.

### Output

The output consists of our results, concrete products and services, which are shown - with examples - in the same division of categories. This involves obvious products, such as our homes or roads, but also less tangible contributions, such as knowledge exchange or our contribution to integrated chains.

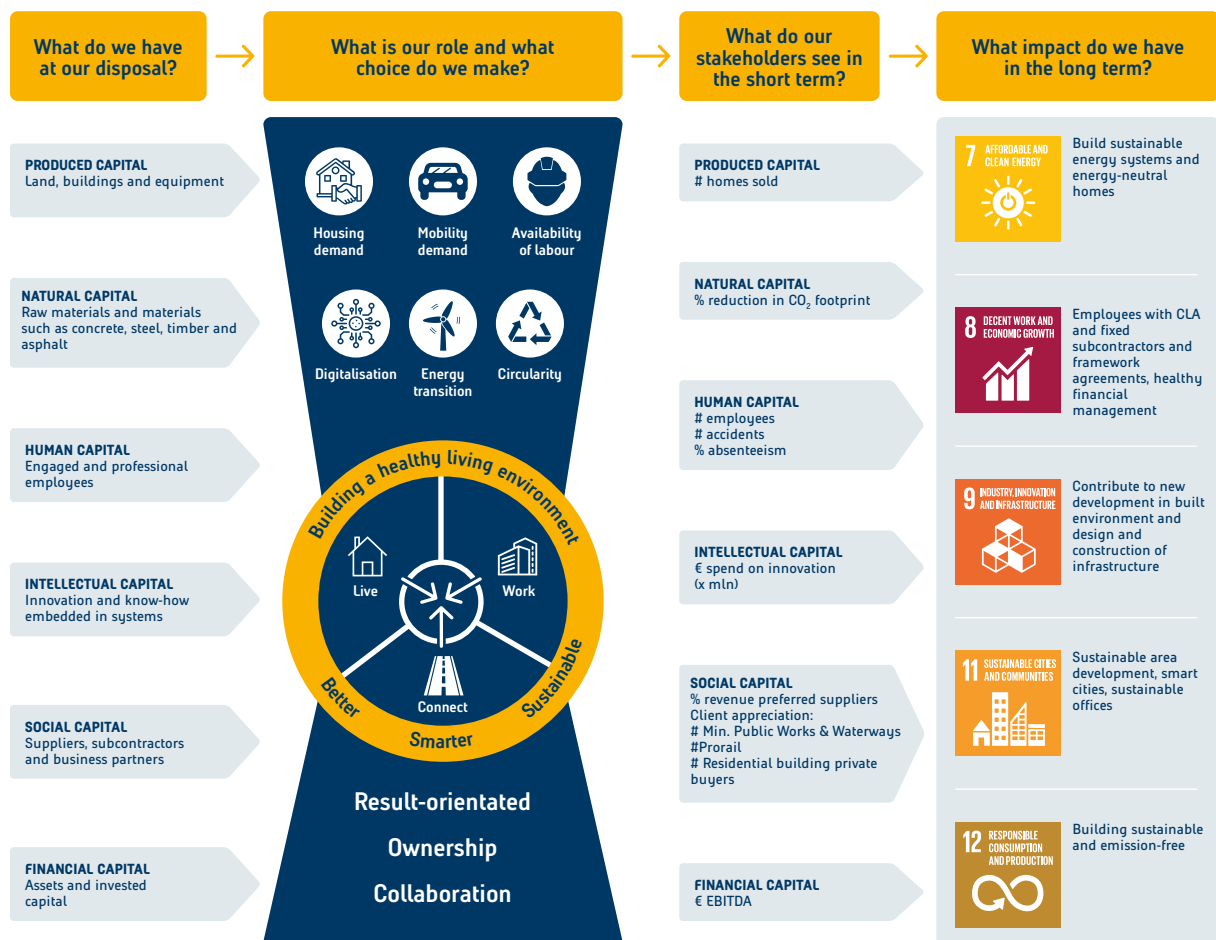
### Impact

Heijmans' output ultimately has an impact on a number of social issues. Heijmans used a Sustainable Development Goal (SDG) impact analysis to determine the 169 sub-goals we have the greatest impact on (see also appendix 15.7.10). In general terms, this is the development of affordable and clean energy, the creation of employment and economic growth, the industrialisation and construction of infrastructure, the development of sustainable cities and communities, and the stimulation of responsible consumption and production.

Over the past few years, we have formulated performance indicators for a number of non-financial ambitions. Those ambitions are linked to the SDG goals. Heijmans uses the above-mentioned performance indicators to measure the current status in relation to our value creation, but also to measure the negative impact we have on society.

The most important positive impact from the point of view of the value creation model is the creation of living space, non-residential buildings to work in, but also the facilitation of mobility and facilities to mitigate climate change (dykes, water storage). The main negative impacts are emissions (such as CO<sub>2</sub> and nitrogen), raw material consumption and waste. In the KPI table in Appendix 15.7.4, we show how this relates to our strategic goals, to our material aspects and to the Sustainable Development Goals (SDGs) that we have selected. In doing so, we also indicate the impact we have on society.

## VALUE CREATION MODEL







Britt Hendriks (23) chose electro-technology after a career in retail. As a first-year BBL student (combined learnings and work experience training), she now works four days a week with her Heijmans colleagues maintaining electrical installations in the buildings on the University of Twente campus.

# Newcomers for a new perspective

International training organisation Temporary and the Dutch Refugee Students Foundation UAF saw burgeoning demand for Dutch workers on the labour market, but also a lot of non-Western workers keen to find a job. They put one and one together and set up a professional training course (Beroeps Begeleidende Leerweg - BBL) for refugees with residence permits. Heijmans is closely involved in this combined learning and work experience project and offers traineeships with a job guarantee. Plus buddies, colleagues who want to offer the refugees help and support in addition to the work they do.

When Cheikhou Sow arrived in the Netherlands from Senegal, he had very little luggage. One of his most precious possessions: his electro-technical skills. Now he has a job at Heijmans and can compare how companies work in the two countries. "In Senegal, we mostly worked with materials from China and Nigeria. They tend to be a lot less reliable. Safety is also not so important there either." Har Willigers, project manager at the Infra business unit, is Cheikhou's buddy. It's a pleasure and not at all time-consuming, Har stresses: "Cheikhou is self-reliant. But he still thinks it's great that he can talk to someone about subjects other than Heijmans."

**Har Willigers**, project leader at Infra (on the left) and **Cheikhou Sow**, trainee service technician



Read the interview at [heijmans.nl](https://www.heijmans.nl)





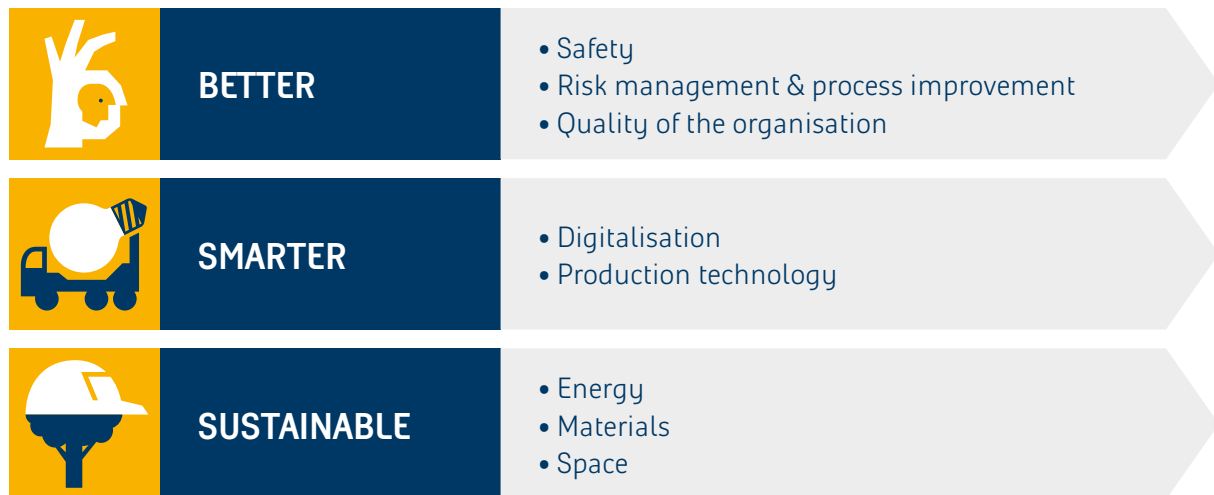


## 10

# Strategy

**Our mission is to create a healthy living environment, and we set the bar high for ourselves on this front. Our ambition is to leave every location where we work better than we found it. We express our core values – result focus, ownership and collaboration – in all our projects and in how we work. All our activities must contribute to achieving our mission. We do this on the basis of three pillars: better, smarter and sustainable.**

In 2021, we were once again faced with challenging situations. Despite this, we continued to work effectively on the goals we set for 2023. For the full list of our 22 bold statements on the Better, Smarter and Sustainable fronts, see appendix 15.7.15. Because the pace of change is so rapid, both inside our organisation and socially and technologically, we have decided to refine our strategy. Using the lessons we have learned and anticipating market developments will put us in a better position to respond to the opportunities and challenges we are presented with. In addition to the attention we currently devote to people and profit, we now expect to put additional emphasis on planet, aligning our business even more emphatically with developments in society.



Last year, we continued our shift towards greater integration within our organisation and this is already paying off. It puts us in a position to meet the needs of our clients even more effectively and to be more proactive in terms of developing new products and services. On the standardisation, digitalisation and industrialisation fronts, we once again took a number of major steps forward and laid a solid foundation for future proofing our organisation. This will help us realise our mission.

### Embedding our strategy

The Executive Board monitors the progress of the strategic agenda, together with the group board, which is responsible for the day-to-day operational management of the company. Of course we measure our results in terms of our key financial figures, but we also measure our progress on the realisation of our strategic, non-financial objectives, such as safety and sustainability. Appendix 15.7.4 includes an overview of all our financial and non-financial key performance indicators. This chapter only covers the performance indicators that we can report on in quantitative terms and that are linked to concrete targets.



## 10.1 Better

As a project-based company, we need to be constantly aware of risks and maintain a strong focus on risk management and contract management. First and foremost, this pillar is the internal foundation for a healthy, stable company. In addition to this, safety, quality and reliable processes help us to improve the predictability of our services for clients.

### 10.1.1 SAFETY

WE WORK SAFELY OR WE DO NOT WORK AT ALL!

#### Concrete targets:

1. We are only satisfied with zero accidents.
2. IF (Injury Frequency) <1 in 2023.
3. In 2023, the entire organisation will have reached level four on the Safety Ladder.

1. The number of accidents fell by 22% in 2021. This was a solid step forward, but we are only satisfied with zero accidents. We did achieve our target of 0 fatal accidents at our building sites.
2. The IF figure was unchanged.

*Our biggest challenge to achieving the first two targets is to increase safety awareness and safe conduct. In addition to embedding safety at an operational level in every business area, we have now set up a central safety department that works across the business areas, which is increasing knowledge exchange, the sharing of best practices and the learning potential of the organisation. The GO! programme team is now a part of the central safety department. We see these as significant steps on the road to achieving our desired proactive safety culture.*

3. In 2021, the entire Infra business area achieved level four on the safety ladder. Our other business areas are now preparing to make the move to level four in 2022.

Key Performance Indicator	Score 2021	Score 2020
Number of accidents: total incl. subcontractors	66	85
Number of fatal accidents	0	0
Injury frequency (IF)	3,8	3,7



## Safety our highest priority

As an organisation, we feel it is important that everyone works safely every single day and arrives home in good health. This is why we have been targeting a proactive safety culture for a number of years. The basic premise is and will remain: 'We work safely or we do not work at all.' And that goes for all our employees. Everyone at Heijmans has their own responsibilities when it comes to safety, regardless of their roles, position or working relationship. Although we have made solid progress, we are not achieving our desired results. We are all still working in silos in terms of improving safety and initiatives are too exclusively confined to our own business areas. Our efforts to improve safety will remain operationally embedded in each business area, but last year we added a new safety department, which will

operate centrally to embed and provide support for our safety initiatives across the entire organisation. The GO! Programme team is now a part of the new central safety department. This immediately resulted in more knowledge sharing and the acceleration of our efforts within the organisation. The new central department will improve coordination and enable us to combine the four GO! pillars more effectively with initiatives from the business. So the business will increasingly take a lead, but with support from the GO! programme.

## Knowledge exchange

In 2021, Infra rose to level four of the Safety Ladder. This means it has a proactive safety culture and that employees themselves put forward ideas to improve safety. That knowledge is then applied at Residential building,



GO! Compass



non-residential building and Property development. One of the best practices that Infra has shared is the 1-3-14 communication process for reporting, solving and monitoring (potential) safety risks, with clear lines of responsibility for line management. To make sure we learn from accidents and take effective corrective and preventive measures, in 2020 we started frequent consultations following an accident. On the first, third and fourteenth days after an accident, those involved meet up and reach agreements on communications, measures and prevention. We use these lessons learned to prevent similar accidents in the future. By structuring coordination in this way and making it mandatory, we have created an incentive to improve matters. It makes learning demonstrably more successful. Other departments also use the Safety ladder self-assessment tool to raise awareness of what people can do and how they can improve safety. It is becoming more normal to have discussions about safety. In every part of the business, GO! Initiative are now included in master plans or business plans. The GO! initiatives are generated by the GO! programme, which Heijmans set up as a company-wide safety programme. To tailor this more effectively to specific target groups with matching actions, and to increase the impact and safety awareness, the business areas have drawn up master plans and business plans that have translated GO! initiatives into concrete measures per target group.

### Virtual reality training

To increase safety awareness among employees, we have developed several virtual reality (VR) training courses. Participants enter a virtual building site and have to carry out potentially dangerous activities. The 3D setting makes more of an impression than theoretical training, which increases the impact of the training. We are getting a lot of positive reactions to the course. We work with several independent market parties for these training courses. And several hundred employees are now following one or more VR training courses. We are planning to expand this training programme as we move forward.

### Safety leadership training

In the spring of last year, Heijmans made a start on the next phase of the 'Leaders in safety' training programme with online training courses. We opted to start with small intervision groups. Participants in the programme look at the current situation in terms of safety-related behaviour, but also at the impact of interventions. This resulted in some great actions in all business areas. In October, we started physical meetings, but unfortunately we had to stop these quite soon after due to tightened Covid-19 measures. Despite these restrictions, we managed to continue these training sessions thanks to some creative solutions.

### Go! in the construction sector chain

In 2013, we launched the Go! safety programme as part of our drive to achieve safe working conditions and 'zero accidents', and we have made major progress within our organisation over the past few years. But we also accept our responsibility for safety in the sector as a whole. We are a leader in the sector. We initiate discussions about safety with the likes of the Dutch government's Real Estate Agency and the Ministry of Public Works and Waterways. And these days, we are more and more likely to discuss safety with our clients at the earliest stage of a project. As a result, safety is now incorporated in designs and this means we do not have to come up with ad hoc solutions at a later stage in a project.

Thanks to this approach, we are increasingly able to make safety a priority in our projects. A great example is the complete closure of the A12 motorway between the Oudenrijn junction and Nieuwerbrug in October 2021. Thanks to the brief and complete closure, we were able to organise our work much more safely, and we saw a major improvement in safety in this project. The brief closure prevented prolonged traffic congestion and unsafe situations for road users. And for the first time, we saw safety being prioritised over traffic flows. This was a milestone moment, which was the result of an intensive preliminary phase and excellent preparations with our client, the Ministry of Public Works and Waterways. We hope this has set a precedent for the future.

Heijmans wants to avoid having our employees working alone whenever we can, but sometimes circumstances dictate otherwise. For those situations, we have the 'working alone app'. Employees use the app to indicate how long they will be working alone. Five minutes before that period is up, employees receive a reminder that they are approaching the end of the period. The employee is then asked to send a confirmation. If this person fails to send a signal, we call them. If they fail to pick up, we send an alarm signal to Heijmans' central security department. Although we have seen a sharp drop in the number of accidents thanks to all our efforts, we are not yet seeing a corresponding decline in the IF figure. What we saw last year was the result of our proactive stance in the chain. Thanks to our discussions about safety with our subcontractors, they are now starting to catch up. That has translated into a decline in the number of accidents at our subcontractors, primarily in residential building. Here we are seeing subcontractors keeping to agreements at building sites, and they have upped the level of supervision and enforcement.

The procurement spend on subcontractors with a valid SCC (Dutch: VCA) certificate increased to 100% in 2021 (2020: 98%).

### Safety in Tenders (ViA)

Since 2021, the signatories to the Safety in the Construction Industry Governance Code (GCVB) have used the Safety Ladder to make the safety awareness of their organisations both measurable and comparable. The Safety Ladder was already the guiding principle within Heijmans. Heijmans outsources some 70% to 80% of its work to subcontractors. This means that we are largely dependent on external parties to meet our safety targets. This is why we now set increasingly strict safety requirements for our subcontractors. Of course we encourage them to make safe choices, but we also draw up tendering rules they have to abide by. As of 2022, Heijmans will use the Safety Ladder as a selection criterion in our chain. This means that we will only work with companies that are certified to at least level two of the Safety Ladder and we will continue to encourage them and help them to move up to level three. What is more, over the past few years we have actively involved our preferred partners in the GO! programme, to make sure they continue to understand the importance of certification.

### 'Let's keep working, safely' protocol

Last year, Covid-19 once again had a nationwide impact on the work at building sites. Thanks to the 'Let's keep

working, safely' protocol and the amazing dedication of our people, our subcontractors and our suppliers we managed to continue our work through the crisis. This protocol and everyone's hard work was crucial to our business operations. In addition to this, Heijmans continued to follow the prevailing RIVM guidelines. We remain alert and do everything we can to create a safe workplace for everyone.

### Education

It is important that future employees have the right knowledge of and attitude towards safety. This is why last year we continued to offer guest lectures and minors at various intermediate and higher vocational colleges, including the Rotterdam, Windesheim and Avans universities of applied sciences. And our efforts are paying off. We have noted that safe working practices are a given for an increasing number of new employees.

### Looking ahead

Our biggest challenge we see is on the preventive measures front. As an organisation, we still have to take the step from reactive to proactive, so we can continue to reduce the risk of accidents and other incidents. This will require more active communications and greater insight. How could this happen, why did this happen and, even more importantly, what can we learn from this to prevent this happening in the future? These are the questions we will continue to ask to gain that insight.

#### 10.1.2 RISK MANAGEMENT AND PROCESS IMPROVEMENT:

ALL OUR PROJECTS ARE PREDICTABLE AND CONTRIBUTE TO OUR PROFIT!

##### Concrete goals:

4. In 2023, we are predictable because all larger projects (categories 2 and 3) end within the initial bandwidth.
  5. In 2023, all projects make a positive contribution to our profit.
- 4. Projects in progress are under control and most project results are better as we approach completion, and in terms of predictability end within the appropriate bandwidth.*
- 5. In 2021, we saw an increase in the projects that contribute to our profit. It is proof that the improvements we have made are paying off.*

Over the past few years, we have seen a market improvement in risk management within Heijmans. After several years of developing and implementing various improvement initiatives, these are now an integral part of our daily working practices. We have taken major steps to increase the risk awareness of everyone in our organisation. We have seen a change in the attitude to risk. At Heijmans, certain risks are no longer considered acceptable and we talk about these risks at an earlier stage, which is a major cultural shift. While our basic principle is that profit is more important than revenue, we also look at project risks. We ensure the right balance between risk and returns. Transparency and trust have been essential to this shift.

## Embedding new working method

We remain self-critical and see risk management and improvement as something that requires constant attention. There is always room for further improvement. For instance, we work continuously to optimise our risk reports; refining the criteria for taking on projects with the right balance of risk and earning potential.

## Predictability

We are improving how we make prognoses and identify opportunities and threats. And in the coming years, we will continue to focus on optimising the measurability of our projects. This is aimed at improving predictability, so we can complete all our projects within the bandwidth of risks and opportunities. Although it is not yet possible to measure all our projects in the right manner, we have seen that when this is possible it does increase the predictability of those projects. In 2021, we implemented uniform measurement parameters, which makes it easy for us to determine the bandwidth, the End of Work Forecast and the risk reserve in a prudent manner. In 2022, we plan to add the power of data analysis and Artificial Intelligence (AI).

Looking to the future, our order book has a healthy spread of large and smaller projects and the share of recurring business has increased in comparison with new-build projects. Our focus on the ratio of risk acceptance to earning potential remains one of our top priorities.

## Cybersecurity

In mid-November 2021, Heijmans was the target of a focused digital attack, in which hackers tried to gain access to the Heijmans IT environment via a large number of employee accounts. Our IT security was highly effective during this attack. Beyond the inconvenience for the affected employees, whose accounts were temporarily down during the attack, there was no damage. One positive note was that this attack increased the awareness of the constant organisation-wide threat and our internal communications channels devoted a lot of attention to how we can all contribute to a secure digital environment.

In addition to the impact on our own business operations, as the maker/builder of infrastructure, including the likes of energy grids, we also have an obligation to prevent cybercrime from causing large-scale social disruption. Cyberattacks are a serious threat to organisations worldwide, including Heijmans. Phishing, ransomware and other attacks are potential risks that we take very seriously. We have to remain alert at all times.

We believe that cybersecurity should be integrated in our business operations, products, projects and project results. We want to achieve this by seeking collaboration in the chain, both internally and externally, and by focusing on the responsibility of everyone in the chain. On the one hand, we select measures with added value and on the other we weigh risks on the basis of transparency and the ownership of data and systems. We take a solution-oriented and realistic approach to looking for the right balance between investments in technical solutions and the awareness and know-how of our employees. We have translated our vision into long-term cybersecurity roadmap 'Secure@Heijmans', which we revise and update every year.

Cybersecurity covers all our measures (technology, people and organisation) to combat illegal digital activities, to identify same and limit any damage they might cause. For instance, we use professional and modern security systems. We constantly monitor and analysis cyber risks: what do they mean for Heijmans? What impact will they have on us? What actions should we take? We defend in a modern way, which means we do not just throw up walls to combat hacks; we are also in a position to track potential hackers in our office infrastructure and respond effectively. In addition to this, over the past few years we have devoted a good deal of attention to process automation, something we want to raise to the same level as our office infrastructure. A significant part of cybersecurity is the mandatory training of employees and increasing the awareness of online risks. It is essential for our business operations that everyone works safely, both at the office and at home.

## Quality figures and client appreciation

Our aim is to improve continuously and we use our own criteria to achieve this ambition. But our clients also assess us. Clients acknowledge and appreciate that we are focused on improvement and being more transparent ourselves improves the cooperation with our clients. In 2021, we measured client appreciation at 35 clients, 12 of which were focus clients on 18 projects. At year-end 2020, we scored 7.92 with focus clients. For 2021, we were targeting an improvement to 8.0. We were very pleased with the result: 8.16. The overall score of the 35 clients on 45 projects also improved in 2021 and stood at 7.93 at the end of the year.

The performance measurement at ProRail rose to 7.8 and was based on four projects. We have agreed with ProRail that in the start-up phase of projects we first hold talks between ProRail, the building site managers

and Heijmans' client account managers, before we make any measurements. Both parties found this to be a very positive experience. This was because there were very mixed feelings on the value of the measurements.

The Ministry of Public Works and Waterways (Ministry of Public Works and Waterways) has stopped reporting company score from performance measurements. We will continue with existing project measurements when this has been agreed. For Heijmans, this involves four projects, for which we scored 8.3 at the end of the year.

The Ministry of Public Works and Waterways was extremely pleased with how and how quickly the nine-day closure of the A12 motorway for major maintenance was prepared and executed, with a view to the interests all stakeholders in the area. We can also be proud of the average performance measurement of 8.8 the Ministry awarded us for the realisation of the widening of the Apeldoorn-Azelo stretch of the A1 motorway. At Schiphol, we completed the Quebec project on time and within budget, while we were also able to realise a large number of additional client wishes to the satisfaction of our client.

In 2021, the number of homes with zero snagging items declined to 46% from 54%.

### 10.1.3 QUALITY OF THE ORGANISATION:

#### WE ARE THE NUMBER ONE EMPLOYER IN THE CONSTRUCTION SECTOR!

##### Concrete goals:

6. We reduce the number of colleagues that leave at their own request by 50% each year.
7. We reduce absenteeism by 5% each year.
8. In 2021, we have a higher employee engagement score than in 2019.

*6. A reduction of 50% per year may not be feasible, but more than anything it reflects our ambition to engage and inspire high-performing employees. We consider their departure as a loss for the organisation and we are keen to reduce this kind of staff turnover. In 2021, we did not achieve this goal.*

*7. In the long term, we aim to reduce absenteeism by 5% each year. After absenteeism rose to 4.73% in 2020 – the first year of Covid-19 – from 4.58% in 2019, we opted to keep the target at the 2020 level of 4.35%. This meant we would have to reduce absenteeism by 8% in 2021. We initially thought this target was feasible, given the reduced impact of Covid-19 and our intensive approach to Prolonged Absenteeism. However, the former failed to materialise and the latter proved more complex than expected. We therefore failed to meet this target in 2021.*

*8. At year-end 2021, we conducted a large-scale employee engagement survey. With a response rate of 83%, this was already a major improvement on the previous survey in 2019. The eNPS (employee Net Promotor Score), which was +7 in 2019, came in higher right across the organisation and we emerged with a group-wide score of +25. A score we can be proud of.*

Key Performance Indicator	Score 2021	Score 2020
Staff turnover (%)	4,60% / 3,87%*	4,6% / 3,51%*
Total absenteeism	4,66%	4,7%
Employee engagement (eNPS)	+25	+7 [score]**

\* The first figure is voluntary departure, while the second figure is unwanted departure (people who departed at their own request and who performed at or above the required level)

\*\* 2019 score

Last year, we once again devoted a great deal of attention to the health and safety of our employees. Switching from lockdown to eased restrictions and then back to tighter restrictions once again put a lot of pressure on all our people, both at our external project locations and at our offices. Following the easing of Covid-19 measures in mid-2021, our offices were busier. We used Beyond Eyes to launch reservation system employees could use to reserve a workstation.

In late 2021, we were once again confronted with a lockdown and any employees who could returned to home working. This led to new issues related to the organisation of hybrid working. We were able to continue our work at project locations thanks to the 'Let's keep working, safely' protocol, which was still in effect at the time.

In line with the year plan, the HR department worked on the continued development of six spearheads, in alignment with the needs of the business areas: HR Transformation, Recruitment, Learning & Development, Talent Development & Leadership, Vitality and Modern Employment Practices. We have translated each spearhead into a number of concrete targets.

### HR Transformation

The continued development of Workday (our digital HR system) is a key aspect of our HR transformation process. We are integrating an increasing number of HR processes in Workday. For instance, we used Workday to support the fleet review (the review of our employees know-how, talents and competencies) and the succession planning for the first time last year. In addition to this, we used Workday to calculate Profit-related bonuses and we fully digitalised our recruitment and appointment process.

HR Support plays a key role in the digitalisation of basic processes. We are also using the LEAN method to work on process optimisations. All of these measures have increased the uniformity of our processes and improved the quality of our back office operations. This has reduced the administrative workload of our HR staff, giving them more time to focus on the human side of their profession. The next step will be to create more room for direct service to their internal clients, for instance by setting up a front office. After the summer, the HR department kicked off the internal development project 'Future makers – HR with heart and soul'. This consists of a number of training modules and supervision and is aimed at increasing the impact of the work of our HR professionals.

### Recruitment

In 2020, Heijmans was voted the best (home) employer in the province of North Brabant in the 200+ employees category. The award, which was presented in March 2021, was given in recognition of exceptional adaptability, dedication and significant initiatives as an employer. This was a great token of appreciation. Heijmans was also one of the biggest risers climbers in the annual First Employers survey of the 100 most popular employers in the Netherlands among students and first-time employees. In 2021, Heijmans came in at number 22 in in the Engineering/IT/Natural sciences category. This backs up

our ambition to be the number one employer in the construction industry.

In September, we started a trainee programme with 48 participants. A large number of these trainees had already worked at Heijmans as final-year students or interns. It was great to see them again. To attract new talents, last year Heijmans launched the 'Experience Heijmans' labour market campaign. This campaign was aimed at several strategic target groups, such as students, trainees and service technicians. We used specific recruitment activities and channels tailored to each of these target groups. The new 'Working at Heijmans' website also went live last year. On top of this, our own employees are playing an increasingly active role in the recruitment of new colleagues, including via referrals. Finally, we incorporated our entire recruitment and appointment process in Workday, but from the perspective of candidates. For instance, applicants can now follow the progress of their application via their own portal. We see this as a good way to get to know Heijmans as an employer.

### Diversity & Inclusion

Heijmans devotes a good deal of attention to diversity & inclusion, both internally and externally, under the header 'Celebrate diversity'. It is vital that Heijmans appeal to people as an employer, and that includes groups that are still underrepresented in our organisation, such as women and people with a non-Western background. Based on our gender, age and cultural diversity targets, we have adjusted the images and language used in our recruitment activities and we highlight the diversity at Heijmans in stories on social media. To raise internal awareness of this subject, we organised various webinars, in which colleagues talk about differences with the help of moderators. This is how we are creating a better understanding of how minority groups experience working at Heijmans, plus we share tips on how to bridge differences and make the most of them. In 2021, this was often related to cultural diversity and the differences between men and women. For 2022, we will be exploring other forms of diversity, such as expertise, LHBTIQ+ and generational differences.

In June, 13 participants from our combined study and work experience programme for refugees (with work permits) joined Heijmans as employees. They had been following a vocational training course since 2020, under the guidance of Temp'hory. They were allocated internal buddies via a parallel buddies programme, so they could quickly find their way in the organisation. A lot of people in the organisation were keen to act as buddies. And the positive attention this project received in various media made a lot of Heijmans people proud to be part of our

company. In 2022, a new group of refugees will join Heijmans as full-fledged employees.

The percentage of female employees working at Heijmans rose to 13.9% in 2021, from 12.9% in 2020. The percentage of women in operational roles remained the same, while the percentage of women in indirect (non-operational) roles increased to 19.8%. We managed to fill around 20% of our vacancies with women in 2021, which was higher than the previous year. What is more, staff turnover among our female employees was lower than among their male colleagues, which contributed to the marked rise.

## Learning & Development

Training is very important at Heijmans. We are increasingly focusing on strategic training: this is about targeted learning interventions that are designed to support the development of a particular department. In early 2021, we positioned our training advisors – who previously worked from a central position in the Heijmans Academy – in the HR teams at Building & Technology and Infra. Thanks to the much closer involvement in the business, they can now support the management more effectively in terms of defining strategic training requirements.

With a view to the future, Heijmans has made a start on a strategic personnel plan. This translates the Heijmans strategy into the workforce we will need in the future, in both qualitative and quantitative terms. In other words, what competencies will we need to realise our strategy? In 2021, we worked methodically on a strategic personnel plan for Property development and two business units within Infra and Building & Technology. We will continue with the roll-out of this plan in 2022.

At the same time, our current employees also have to keep their know-how and skills up to date, so they can continue to carry out their current work in line with prevailing guidelines. In addition to mandatory certifications and recertifications, we also drew up and implemented a new learning path for field workers. And we launched the Heijmans Academy for Infra Technology. We have set up a practical learning space in Veenendaal where professionals can undergo further training or retrain in line with specific themes.

As a result of the Covid-19 restrictions, we were forced to shorten and/or replan many training courses in smaller groups. When possible, we switched to digital learning. Fortunately, we were granted dispensation for a number of mandatory recertifications.

## Talent development & Leadership

Last year, we ran the annual fleet review through Workday for the first time. This gave people access to the previous

year's scores and we were able to process last year's score directly in the system. This was a major step forward in terms of efficiency and data security. We also improved the substantive quality of the fleet review. The higher-quality discussions in management teams and the discussion of talents based on a uniform method led to more objective opinions. The fleet review resulted in in-depth analyses in the various business areas and these in turn resulted in a number of action plans. We are also developing a learning programme to promote growth to key positions. Slightly more than 60% of the appointments to key positions were the result of internal growth opportunities. We have a range of leadership training courses for management.

## Vitality

Cutting absenteeism rates is one of our main priorities, and not just for HR, but for the entire organisation. Absenteeism declined by 1.5% in 2021, when compared with 2020. The continuation of the Covid-19 pandemic also led to a break in traditional seasonal absenteeism patterns: unlike in previous years, there was almost no question of a dip in the summer period. This led to a sharp rise in weighted average absenteeism, especially from the summer months onwards. The share of Covid-19-related absenteeism fluctuated between 10% and 14%. Despite our best efforts, it remained difficult to influence prolonged absenteeism. This is increasingly the result of a complex range of causes, which require a broad range of healthcare solutions. What is more, access to healthcare was strictly limited due to Covid-19. There was a freeze on treatments in hospitals, which mean our colleagues were not able to get the help they needed. This was one of the reasons for the rise in prolonged absenteeism. On top of this, we saw a great deal of absenteeism in the 'Covid-19-related, but not sick' category. In other words, our colleagues had to quarantine as a result of infections in their family and so were unable to work at our building sites.

On the prevention front, we devoted a great deal of structural attention to raising awareness about health and vitality. This is something people feel very strongly about. More than 1,000 employees searched the Vitality platform for information and help. More than 500 employees also took part in our Vitality Week.

At the same time, we provided support for our managers via discussion on sustainable deployability and management training to improve absenteeism analysis and action plans related to sustainable deployability. Heijmans@Work developed a method to identify long-term absenteeism at an early stage and we have now provided managers with a guide with a range of potential interventions.

## Modern employment practices

We have defined the initial parameters of 'Employment of the Future'. For instance, this includes the possibility of working from home for a maximum of two days a week, the use of the Beyond Eyes reservation tool for our offices and the adjustment of certain employee benefits, such as travel allowances. We have appointed a programme manager to create a clear structure for all our change initiatives related to hybrid working (offices, facilities, employment terms and the changing relationships between managers and employees).

## 10.2 Smarter

Armed with innovative ideas, products and services, we want to offer smart solutions to the key issues we face today and in the future. Solutions that also help us realise our ambition to create a healthy living environment. The built environment is becoming increasingly interactive thanks to intelligent systems that generate data. Such data helps us to serve our clients even more effectively. But the entire chain of the building process itself can be smarter, through more standardisation and industrialised processes. Heijmans' ambition is to continue to play the director's role in the design, realisation and management of the built environment, and by doing so play a part in making the chain smarter.

### 10.2.1 DIGITALISATION:

DIGITAL BUILDING IS AS IMPORTANT TO US AS PHYSICAL BUILDING!

#### Concrete goals:

9. All the projects we work on will have a digital twin in 2023.
  10. We launch five new data-driven services in the market each year.
  11. The number of subscriptions for data-driven services in the in-use phase increases by 50% each year.
9. *Heijmans has defined five levels with respect to the application of the Building Information Model (BIM). It is possible to score five stars per function level. These scores define which BIM activity or output needs to be delivered in concrete term, in line with the desired ambition level.*
10. *In 2021, we launched far more than five new data-driven services on the market:*
- *For GezondWonen – an extension of our SlimWonen package – we launched the first three data-driven services. Using sensors, residents can monitor and control their own air quality, CO<sub>2</sub> emissions and energy consumption.*
  - *In 2021, following our launch of lock monitoring in 2019 and structure monitoring in 2020, we added tire pressure monitoring (subscription via a project for the province of North Brabant), joint monitoring (with two subscriptions to Schiphol Airport) and dyke monitoring (with a contract for the Waalense consortium, Gorinchem - Waardenburg GOWA dyke reinforcement project) to our data-driven services. This took the Infra's total number of new data-driven services to three in 2021.*
  - *BE Equipped provides insight into the occupancy and use of spaces and helps with accommodation issues.*
  - *BE Vital provides insight into the temperature, humidity and CO<sub>2</sub> levels in a room.*
  - *Heijmans Sustainable Service Logistics is a system used to reduce transport movements for building maintenance in the city. The collaboration with a network of partners gives us access to logistical hubs and emission-free transport in the largest cities in the Netherlands.*
11. *At Property development, we are continuing to expand our services related to healthy living and Smart City. Examples include services in the fields of air quality, mobility, energy monitoring, health & safety. At Building & Technology, we saw an increase in the number of subscriptions for Beyond Eyes. Infra added three new subscriptions for data-driven services in 2021: a tyre pressure monitoring subscription for the province of North Brabant, a dyke monitoring subscription for GOWA and a joint monitoring subscription at Schiphol. This took the total number of subscriptions to nine at the end of 2021.*

Key Performance Indicator	Score 2021	Score 2020
New data-driven services successfully launched	9	4



Duineveld residential neighbourhood in Noordwijk





We are facing a number of major challenges in the coming year; the housing shortage, the ageing bridge and road network, the energy transition, nature targets and a shortage of labour and professions. The use of digital solutions and tools will be essential to addressing all of these challenges. Heijmans is deploying digital applications on an increasing number of fronts. In every stage, from development, design and realisation, to monitoring and maintenance. This is helping us to increase the safety and predictability of our work, while also improving efficiency and knowledge exchange and accelerating innovation. Given the sheer amount of data we collect, the opportunities seem endless. Collaboration between operations and IT is essential to identify those opportunities. Within Heijmans, these two worlds are converging and this is generating new ideas and innovations.

### Data management

All our digital applications generate and make use of data. We then use that data to make process improvements, increase safety and efficiency and we develop additional revenue models. What is more, we can use the data to improve maintenance planning and deploy people more effectively. To facilitate all of this, we want to combine all the data for the entire organisation in a generic data platform. A central platform is also more cost efficient than running several comparable systems alongside each other.

### Digital twins

An increasing number of projects have a digital twin. We use the BIM ladder to determine our ambition level for each project. This indicates to what degree BIM (Building Information Model) and GIS (Geographical Information Systems) will be used in each phase of the project. A digital twin gives us insight into every aspect of the building. This enables to identify risks and draw up a detailed planning. Working with digital twins increases the safety of a building, both during construction and in the use and maintenance phases. Plans, looking ahead and making timely adjustments also make the whole process more efficient. We can check the current status and the progress at any time and from any location.

We look back with pride to the change processes we initiated in all of Heijmans' business areas for the implementation of BIM/Digital Building. Working with BIM is now widely accepted right across the company. We will continue to develop this working method in the coming years. Not just to improve the efficiency of processes, but primarily to identify and seize new opportunities for our clients. We will therefore be formulating specific goals per sector, in line with the work we do in those sectors.

### Project Shadow

In project Shadow, we are study how we can use so-called pointclouds to monitor and safeguard the progress and the quality of buildings under construction more effectively. A robot scans the space and creates pointclouds of a building project. The pointclouds provide a treasure trove of digital information on the current status at the building site, which we can then compare with the virtually planned situation. We use BIM models and 4D planning simulations as input for the planned situation. We can then use software to compare the as-designed and as-built situations with each other and identify any deviations in terms of quality and progress. This makes the whole process more predictable. What is more, we can identify any imperfections at an early stage, which helps us reduce failure costs.

### Data sciences

Heijmans is making ever greater use of data science, both in its client propositions and for the optimisation of internal processes. Our efforts on the data science front make us unique in the construction sector. Our Hive (see chapter 11) initiatives include a partnership with the JADS, the Jheronimus Academy of Data Science in Den Bosch. The JADS offers bachelor's and master's programmes in the field of data science and is the ideal partner for our developments in this field. Via the Hive, we offer assignments to graduating students and PDEng graduates (Doctors of Engineering) from JADS.

### Digital design

We are automating the design process in a number of ways. Thanks to the fact that information can be accessed so quickly, it is easy to adjust designs. This creates more flexibility and room for research. When necessary, we work with specialised partners. And we are developing new applications in house, including an application on the VIKTOR platform. This is an application development platform engineers can use to build their own web applications. These are used to design the foundations for wind turbines. While Heijmans was previously only responsible for realisation, we now also draw up the designs. This application also produces usable information for various disciplines: design, realisation and calculation.

Heijmans has set up a back office in the Process & Information Management department of its Non-residential Design & Engineering unit to support project teams in their routine BIM activities, such as assessments or audits of the quality of BIM models and the performance of clash detection processes. And as part of our efforts to increase the digitalisation of our operational processes, all our business areas have joined forces to

develop a library of 3D building site objects. This enables us to visualise building site designs, 4D planning simulations and logistics plans.

### Digital tools

The use of smart digital tools has made the work of our service technicians more efficient. For instance, faults are now sent directly to the hand-held device of the technician closest to the location involved, which improves our response time. In the event of overnight fault reports, we have added a function that shows the technician immediately what kind of fault they will be dealing with. In the past, technicians had to perform an analysis on the spot. This new method saves us time and our technicians can respond more quickly and more effectively.

We are continuing the development of a number of digital tools. One new tool is the drilling robot, which uses digital drawings to drill all the required holes in a space in one go. This means that our subcontractors do not all have to drill their own holes. The robot also marks each of the holes for the required expertise, so it is clear what each hole is meant for. This prevents a lot of nuisance when we are renovating buildings that are still in use.

Last year, we hired an external party to perform a scan of our company-wide portfolio management. The aim of this scan was to identify our strengths and our weaknesses. We reassessed what we considered our core activities and what our clients demand of us. On the basis of this reassessment, we decided to take on a number of activities we previously outsourced. For instance, cooling is becoming increasingly important in buildings. Until recently, we outsourced this to third parties, but now we are organising training and certification for our own people, so we can do this ourselves. By doing this in house, we can offer more continuity and provide our clients with a higher level of service.

### Data-driven services

The application of IoT (Internet of Things) solutions in the built environment is making our daily lives easier, safer and more comfortable. Heijmans combines expertise and professional skills in the built environment with new insights and possibilities from the digital world. For instance, we create new added value for both users and our clients. What is more, by doing so we help to create a healthy living environment. As a director of the built environment, we want more, faster and better insights into the real use of that environment. Smart and linked devices and sensors provide us with insights into the living and working environments of end users.

For every one of our departments, the interaction of data, processes and technology is becoming more and more important, as we look to measure what actually happens in living environments and to then make those living environments healthier thanks to our innovative services. We have an ambitious digital roadmap for the development of the right digital products and services. Several highlights from 2021:

- Safety Hackathon with PON – working together to devise innovative solutions for safer building sites.
- Beyond Eyes Hackathon with CSU & Winvision – working together to devise innovative building management solutions.
- Virtual reality safety inspections at building.
- Smart Building IoT (Internet of Things) ready – we set up a test location to test how to organise smarter and safer digital communications between all the assets in a building.

Smart City solutions for healthy homes and a shared sense of community in neighbourhoods. These include apps that monitor air quality and CO<sub>2</sub> emissions in homes or that connect neighbours, for instance to borrow items from each other or to lend a hand with a DIY project.

### Online platform

Thanks to our launch of an online environment platform, in the coming years we will improve our processes and collect a lot of data and information for continued development. The environment platform is a unique combination of (2D and 3D) visual information about the environment, process management (for instance, when a resident files a complaint, we then monitor that in a traceable manner and we reach agreements), and an underlying database that stores all information in a GDPR-proof manner. Data that is useful to us includes the likes of neighbourhood reports. What reports did we receive? What kinds of reports were they? How quickly did we deal with them? How satisfied was the neighbourhood and the relevant authorities? This is how we will build up a track record that will help us stand out in the market. What is more, we will increase our chances of success in future tenders, as we can provide more solid evidence of our previous performance.

Heijmans has opted for cloud platform for our document and information management related to infrastructure and non-residential projects. M-Files offers flexibility, both in terms of functionalities and in terms of scalability. That takes us forward as an organisation, while also helping our employees to manage and control information flows at projects effectively and efficiently. It also improves information security.

## A solid basis

The development of new data-driven services and the continued development of existing services all depend on our IT systems and the design of our data management. Thanks to the fact that our internal IT systems and our data management system are in perfect working order, we can now very quickly implement and test ideas for new services or products. Plus having a 'solid basis' is a prerequisite for keeping data security and cybersecurity at an appropriate level.

### 10.2.2 PRODUCTION TECHNOLOGY:

WE WILL WORK MORE FREQUENTLY ON THE BASIS OF STANDARDISED PROCESSES AND PRODUCTS!

#### Concrete goals:

12. In 2025, we will have transferred 50% of our hours - compared with 2020 - from on-site to off-site.

*12. The shift from on-site hours to off-site hours is a measure of our planned industrialisation and standardisation. This will help us achieve our goals related to safety, sustainable deployability, quality of delivered products and we will reduce failure costs. In 2021, we made the reduction of on-site hours measurable by comparing the estimated number of hours (on the basis of traditional working methods) per project with the number of hours realised using industrialisation. For instance, in a project for the AMC teaching hospital we put together the dividing walls, including technical installations and cables, off-site and installed everything on-site in one go.*

Key Performance Indicator	Score 2021	Score 2020
Concept homes delivered	613	846

In 2021, we delivered 613 Heijmans Woonconcept homes and we erected the shells for 731 Heijmans Woonconcept homes. Over the past few years, the government has been targeting more inner city construction. This has led to a shift in the market and reduced the number of locations where we can build houses. As a result, Heijmans has developed fewer houses. Our response to the inner city issue is the two apartment concepts we are developing (see chapter 11).

For more than 10 years, Heijmans has been successfully producing and selling affordable concept homes for all kinds of target groups. This is in effect the targeted realisation of Heijmans' broadly defined goals related to safety, process optimisation, sustainability and digitalisation. All of our concepts combine standardisation with flexibility and variation. In terms of sustainability, our residential concepts already score higher on the Dutch CPG ladder (Circularity Performance Buildings) than traditional projects. By gaining experience in sustainable innovations, we and our co-makers can have a real impact on our portfolio.

## Concept homes

We are constantly working to optimise the processes related to all our concepts. The optimisation of the planning cuts the lead time gives buyers more time to make their choice. Because we use an online dashboard, we can map out activities and potential improvements. All our concepts can be combined with each other: the Heijmans Huismerk house and one-person and two-person apartments, the Heijmans Morph omni-directional apartment tower block and the XS home for starters.

We are seeing a shift from out-of-town construction to inner city construction, with a concomitant shift from houses to apartments. This is why in addition to our Huismerk concept houses, we have developed the Huismerk Apartment concept and we have even more concepts currently in development. These apartments concepts are marked by a high level of standardisation and process optimisation, while we use the concept of 'tailor-made' to ensure a sufficiently flexible look and feel.

All our concepts have the same, standardised heart, but we then add a lot of variation and flexibility to respond optimally to our clients' needs. The variation options make it very easy to include a wide range of homes in a neighbourhood or area development. We are convinced that this flexible form of concept building can make a difference. Both in addressing the current major housing shortage, and in the redevelopment of city centres and neighbourhoods.

## Smart stacking and linking

We are facing a major nationwide challenge to redevelop post-war neighbourhoods. Some neighbourhoods have both outdated housing and face the usual inner city problems. Last year, Property development and Residential building worked on a new apartment concept for standardised development and construction. It is an ingenious building system that efficiently incorporates construction and the pipeline network in the building's structure. This makes it possible to combine apartments of various sizes in one complex, and to do so affordably. Using this concept as a basis will make it possible to transform these neighbourhoods for more households with a higher building density, plus a wider range of residential plans, apartment sizes and types of building. Right now, there are very few companies offering these kinds of apartment complexes. In the coming years, this could easily translate into a development and construction flow of some 500 apartments a year. Heijmans plans to offer this concept in the first tenders in 2022.

## Certification

As a participant in the Conceptual Building Network (Dutch: Netwerk Conceptueel Bouwen - NCB) Heijmans is helping to develop the 'Internal Quality Assurance Ladder'. The top step of the 'Internal Quality Assurance Ladder' is certification. The aim of this certification is to accelerate and improve the quality of conceptual residential construction. In effect, the NCB is ahead of the Dutch Act on Quality Assurance in the construction industry, which is set to come into force in 2022.

## Industrial-scale building

For the construction of our concept homes, we work with our co-makers in a small 'factory' on the building site. The next step is industrial-scale construction. By 'insourcing' the chain, we bring all the co-makers together in one factory, so we can build the entire home there. From 2022 onwards, Heijmans will build timber frame homes. To accelerate the scale up to large-scale of production, we acquired the energy-neutral production facility of IIBO (Intelligent Innovation Building Solutions). This will enable us to quickly build homes on the basis of a standardised, industrial building system, without having to sacrifice flexibility and variation. This is also a significant step in terms of our ambition to build in a CO<sub>2</sub>-neutral manner in this production facility.

To optimise the running of the facility, we plan to digitalise the entire primary process. This will enable us to run the machines in the facility directly from our 3D models. This will cut lead times and reduce the chances of mistakes in the process. Our ultimate goal is to arrive

at a single process in the facility, from design right through to the delivery of the home. The combination of the digitalisation of the process and the automation of production will enable us to step up production to a volume of 1,000 homes a year.

## Two-track strategy

We have deliberately opted for a two-track strategy. From 2022, we will accelerate the prefabrication of our timber frame homes (Heijmans Horizon), and we will proceed with our plans to improve the sustainability of Heijmans' concrete Woonconcept homes (Heijmans Huiskerk) via conceptual construction. Both of these tracks will enable us to make a significant contribution to the national task of increasing the housing stock in the Netherlands and to make that housing stock more sustainable. At this moment, we have three pilot timber frame projects in preparation or in progress:

- 16 owner-occupier homes in Norg (in preparation).
- Five homes in Laakse Tuinen Amersfoort (in preparation).
- Ten rental homes in Zeewolde for the Woonpalet housing corporation (in progress).

## Smarter renovations

The renovation of a home or building that is still in use requires a coordinated approach with smart solutions to prevent nuisance and guarantee safety. With its B'woond concept, Heijmans helps housing corporations in large-scale renovations of blocks of homes or apartment complexes. The phased plan, which combines innovative ideas and specialist expertise and practical experience, guarantees a streamlined process.

A large-scale renovation, like that at the UMC teaching hospital in Amsterdam, involves a lot of complex issues. Any inconvenience for patients and medical staff has to be kept to a minimum, without losing sight of safety, quality and lead times. This is why we used a drilling robot for the walls of the wards, plus prefab technical installation modules incorporating all the pipelines and cables (skids). This resulted in a sharp reduction of our on-site hours.

## Considerations

Material flow analyses are increasingly important in all our projects. Our ambition is to build 100% of our houses using circular methods in 2023. To do this, we need to know which materials we will use and in what quantities. We actively search for sustainable alternatives for materials with a major environmental impact. More and more frequently, we opt for timber rather than concrete, or we use circular concrete, as we did for the viaduct on Contactweg in Amsterdam. We also apply innovative

technologies so we can reuse materials in the future. We do this without making any concessions in terms of safety, quality and affordability. Our efforts on the production technology and standardisation in the construction process front is helping us to accelerate improvements in sustainability. These steps are all part of making our entire organisation more sustainable.

## 10.3 Sustainable

As a trendsetting party in the construction sector, we want to play a leading role in improving the sustainability of our living environment. We can make a difference by designing sustainably, with a view to alternative and decentralised energy generation, efficient use and reuse of resources and optimum comfort and experience. And we adhere to the premises of our vision: 'the creators of a healthy living environment', with a focus on energy, materials and space. Our ultimate goal is to no longer extract energy, materials and space, but instead add to the living environment and by doing so create value.

### 10.3.1 ENERGY:

#### OUR PRODUCTION IS CO<sub>2</sub> NEUTRAL AND WE CREATE ENERGY-NEUTRAL SOLUTIONS

##### Concrete goals:

13. From 2023, Heijmans is CO<sub>2</sub> neutral. Any residual value is offset.
14. In 2023, we can produce emissions free, and in 2030 we do so on all our projects.
15. In 2023, we can deliver 100% energy-neutral solutions for our clients.

*13. On the CO<sub>2</sub> reduction front, we have already made significant progress and we will continue with these efforts.*

*We have noted that the various categories of principals have different levels of 'ambition' on this front. If we can achieve our goal of CO<sub>2</sub>-neutral production, Heijmans would meet the projected science-based target of COP21, which requires a linear reduction in CO<sub>2</sub> emissions of more than 4.2% per year. In 2021, we recorded a reduction of 6% (scope 1 and 2).*

*14. We added this goal, as due to the developments related to nitrogen, particulates, PAS and PFAS we take a broader view than just CO<sub>2</sub>.*

*15. In 2021, we offered a number of energy neutral infra projects. We are seeing increasing client demand on this front and we offer our clients active solutions so we can meet this challenge together. For instance, in a project for Arnhem city council, we laid the Hugo de Groot cycle path with zero emissions. And our Property development business area is building energy-generating residential projects, such as Greenville in Utrecht.*

Key Performance Indicator	Score 2021	Score 2020
Absolute CO <sub>2</sub> emissions scope 1+2 (tonnes)	27,995	29,871*
Average CO <sub>2</sub> emissions of homes delivered (kilos)	1,021 kg	1,409 kg

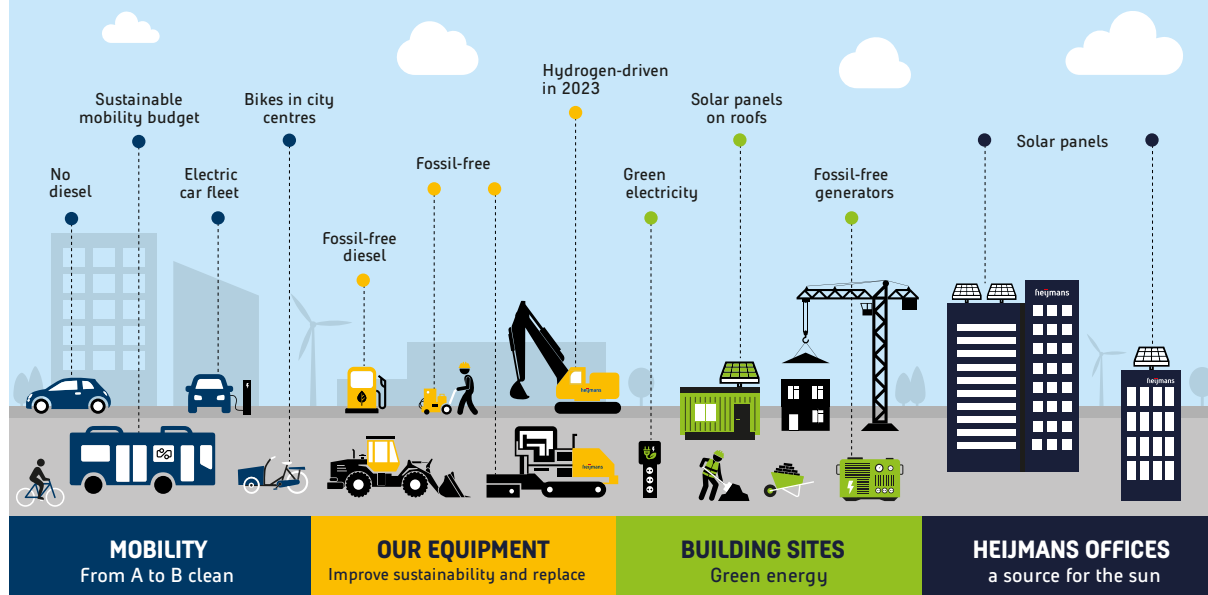
*\* This is emissions excluding the asphalt plants divested in recent years; including these plants, emissions would have been 42,507 tonnes.*

## CO<sub>2</sub>

In order to achieve CO<sub>2</sub>-neutral production, we have drawn up an Energy Management Plan. This plan includes various measures to reduce CO<sub>2</sub> emissions resulting from the company's activities in the coming years. The most important categories in this respect are increasing the sustainability of our construction sites, equipment, offices and mobility (vehicle and equipment fleet). Examples of projects in this context include our investments in emission-free equipment and the installation of solar panels on our offices and in the chain.

# Heijmans is CO<sub>2</sub>-neutral after 2023.

This is how we plan to realise this ambition:



Another mechanism we added to the budget process in 2020, aimed at a further reduction of emissions, was internal CO<sub>2</sub> pricing. This creates a fund to promote additional investments in sustainability. For instance, last year we used the fund to invest in mobile battery packs for the charging of electric equipment at our building sites.

Heijmans has certified its business activities to the highest level of the CO<sub>2</sub> performance ladder of SKAO (foundation for climate-friendly procurement and business). Heijmans also reports its emissions as part of the international Carbon Disclosure Project. This helps to map trends and developments on the climate change front.

In addition to its Scope 1 and 2 activities, Heijmans also reports on its main scope 3 activities aims to reduce these emissions via innovations and its sustainable procurement policy. These include purchased asphalt and concrete and the CO<sub>2</sub> emission of homes delivered.

Heijmans' scope 3 emissions from the asphalt plants are reported in the context of the Energy Management Plan and the Carbon Disclosure Project. Because homes can generate more energy that is used, this can result in calculated negative CO<sub>2</sub> emissions. This is included in the relevant KPI.

## Sector responsibility

Together with our peers GMB and de Vries & van de Wiel, Heijmans set up the Emission-Free Network Infra (ENI), with the aim of accelerating the energy transition in the infrastructure sector by four years. So far, 35 parties have joined this effort. Thanks to the pooling of knowledge and resources, we can increase the scale of this initiative. And clients are also noting our efforts: ENI played a role in our acquisition of an innovative tender for the Sterke Lekdijken dyke reinforcement project. What is more, in 2021 Heijmans acquired a stake in transport company Millenaar & van Schaik, which is playing a leading role in the transition from fossil fuels to sustainable transport and is constantly innovating on this front. All Millenaar & van Schaik lorries run on environment-friendly Hydrotreated Vegetable Oil (HVO). In addition, next year the transport company will be the first in the Netherlands to use hydrogen-powered lorries.

## Reduction of CO<sub>2</sub> emissions

All the energy we buy for our offices and building sites is green and is generated by Dutch solar, wind and hydroelectric installations. At building sites without a permanent electricity supply, we are increasingly switching to hybrid aggregates with energy-storing solar panels on the roofs of our construction units. So we are also having an impact at these locations. In addition, we are introducing the use of HVO as fuel to replace diesel in a large number of locations.

We also encourage our suppliers and subcontractors to switch to HVO or electric, if possible, for their logistics and transport operations. One of the measures taken to reduce the CO<sub>2</sub> emissions from our car fleet is to provide incentives for the purchase of electric cars. Last year, 38% of the total number of cars ordered were electric.

### Sustainable logistics

On the procurement front, we want to continue to reduce our footprint. We are trying to reduce the distance that materials have to travel and the number of consignments. So distance is a criterion in the selection of suppliers. Plus, we ask them to reduce their footprint by switching to HVO or electric if they can. This helps us to have an impact on scope 3 of the CO<sub>2</sub> performance ladder. But of course we are also looking at our own transport movements. We are accelerating the electrification of our equipment wherever this is possible. This covers the likes of compactors and transport vehicles, but also large excavators.

Heijmans has also developed a new, efficient and sustainable logistics system to reduce maintenance-related transport movements in cities. Heijmans Sustainable Service Logistics (previously known as 'Smart City Logistics') is the logistics system and this has helped us to reduce the transport materials, equipment and return flows for inner city building maintenance and building adjustments by more than 80% and make most of these movements emissions free. After years of testing, mainly in inner city environments, and continued development, we have now successfully launched Heijmans Sustainable Service Logistics. Our collaboration with a network of partners gives us access to a number of logistics hubs and emissions-free transport in the largest cities in the Netherlands. We have now started this service in Amsterdam, Rotterdam and Leeuwarden. Leiden, The Hague and will follow in the coming year. We believe this development will make a significant contribution to the liveability of city centres, also in the future.

### Heijmans Energy

The development of the energy transition is clearly visible in the market. This involves the construction of subsystems, but also and primarily the integrated energy system in which the various components function optimally in conjunction with each other on a daily basis for end users. Heijmans already supplies various energy subsystems, including a new installation and service related to charging infrastructure. We also have the ambition to design, build and operate integrated energy systems. To this end, we set up Heijmans Energy BV, the place where we combine all our efforts in the field of energy. Following the start-up in 2020, Heijmans Energy started its first two projects in 2021: Kade Zuid and Puur 21 in Zutphen.

#### 10.3.2 MATERIALS:

WE ARE TARGETING 100% CIRCULAR CONSTRUCTION IN 2023!

##### Concrete goals:

16. All our quotes include a calculation of the environmental performance. In 2023, we will include that as standard in all our quotes to clients.
  17. In 2021, all packaging in our construction projects will be 100% reusable or recyclable.
  18. In 2023, all the houses we deliver to our customers will be 100% circular. In 2030, this will also apply to apartment buildings.
  19. In 2023, we will use circular asphalt and concrete; in 2030, we will build 100% of our projects using these materials.
- 16. We inform our clients about the environmental performance of the product delivered. In larger Infra projects, this is usually in the form of the MKI value (environmental cost indicator), in housing projects the MPG value (Environmental performance indicator), while non-residential (utilities) projects use the MPG value or BREEAM (Building Research Establishment Environmental Assessment Method) score.*
- 17. In 2021, we achieved what we set out to do: all the packaging in our construction projects is 100% reusable or recyclable. Goal 17 has been achieved.*
- 18. In 2021, we set out to develop a complete overview of all material flows for our houses. This is a significant step towards our goal in 2023.*
- 19. In 2021, we completed a couple of projects using 70% to 75% circular concrete.*



On our road to circular building, we are active on a large number of fronts. For instance, in 2021 we completely revised our socially responsible procurement policy. This now focuses on chain responsibility. Each year, Heijmans purchases almost € 1.3 billion worth of products and services. This means we can have a major impact. The procurement spend from preferred suppliers rose to 57% in 2021 (2020: 52%). We also drew up new selection criteria for 500 product groups in 2021. Suppliers and subcontractors have to meet our sustainable procurement requirements in the fields of human rights, fair business practices, fair competition and sustainability. Circular building is currently in the design phase, as this is where it is possible to have the biggest impact. At Infra, we have drawn up a programme for a design department to render the impact in this phase visible.

### Material flow analysis

If we want to build all our houses according to circular principles in 2023, we need to know what we are talking about. What raw materials are used and in what quantities? To facilitate this, last year we worked hard on the development of our material flow analysis. This basically 'dismantles' a house in detail, so we know exactly how many kilos of materials were used. Concrete, steel, bricks, ceramics, timber, plaster, glass: everything is included in the inventory. Including the electronics and domotics. And we make the use of primary raw materials compared with secondary raw material measurable. What are the renewable raw materials of the future? And for which materials are alternatives available? Remanufacturing, recycling, downcycling and reuse are all made measurable. This material flow analysis provides us with all the information we need to make sustainable choices. It will not be easy to achieve our goal for 2023 and it may be too ambitious, but we are on the right path and we feel we have a responsibility to continue on this path.

### Reuse of raw materials

Concrete is still a much-used product in the construction industry. However, the production process requires a lot of energy. This is why we are using more and more circular concrete. A project in Amsterdam is a good example of this. We collected the concrete granulate from a demolition project in Buiksloterham and then used that in the concrete dividing wall in a rail underpass on Contactweg in Amsterdam. We used 100% recycled gravel, plus 50% recycled sand and 15% recycled concrete. So in total, no less than 75% of the concrete we used was circular. We also gained experience in the use of recycled concrete in the laying of the Hessepoort cycle path in Zwolle and the installation of wind turbine foundations along the A16 motorway. For the Science Campus in Leiden, set to be realised in 2022, we have set a target for

the use of circular concrete. We are also planning to increase our use of recycled asphalt.

Reuse is a solid step on the road to sustainability. In addition, it is our ambition to constantly increase the use of circular concrete across the sector, and where possible use sustainable materials, such as timber. That will have a positive impact on the CO<sub>2</sub> emissions and on circular building. All the timber we purchase has to be sustainably produced and demonstrably certified. We plan to work even harder on this transition in the coming year. In line with this ambition, in mid-December Heijmans and forestry conservation organisation Staatsbosbeheer signed a letter of intent on a number of themes related to sustainable building. The aim is create a closed, circular chain.

Residual materials and packaging materials are other important elements in our new Socially Responsible Procurement (SRP) policy. At our building sites, we aim to reuse at least 70% of the removed materials. In effect, these are no longer waste, but new raw materials. And at our offices, the target for the separation of residual materials is much higher: 98%. And course, we only outsource clean-ups after asbestos removal and soil remediation projects to parties with the right certifications.

Last year, we recorded the release of 25,197 tonnes of residual materials (2020: 24,915 tonnes). No less than 81% was separated at the building site. The reuse of residual materials after removal stood at 88% in 2021.

### Hazardous substances

We want to minimise the number of hazardous substances we work with. And if they are necessary, then there has to be strict rules on how to deal with them. That begins with the coding and documentation of all toxic materials. That is also part of our SRP policy. In 2021, a Heijmans-wide steering group ran an inventory check at all our locations and developed a system for categorisation and typing. We then started a programme to reduce the number of suppliers and brands. Take the likes of polyurethane foam, a much-used product in the construction industry. That is available in dozens of variants, each with its own specifications. Reducing that number gives you a much clearer picture of what you are working with, what the composition is and the environmental impact of the product, plus how you are supposed to handle it. In 2021, we did this for all Heijmans locations.

### Matching materials

Heijmans set up the 'Matching Materials' digital platform to match the supply and demand of used



building materials. Last year, we continued to develop this concept and decided to make it an open platform. Without requiring any form of membership, suppliers and potential users can visit the website to find a match, so used building materials can be reused in a production process or building process. We firmly believe in this concept as it is a seamless fit with our sustainability vision. In cooperation with entire sector, we could take significant steps towards circularity. In the coming years, we plan to draw up a roadmap for the continued development of this platform.

### As a service

We also see services and types of lease, rather an ownership, as a key way to promote circularity. Our Heijmans-wide ambition is to offer our clients more services. And in our procurement, too, we prefer the producer to remain the owner of materials, and remain responsible for the removal of those materials, with Heijmans setting requirements for the likes of return logistics and circularity. This is already common practice in a number of fields, such as IT equipment and cars. We are studying the possibility of arriving at a new ownership system for the likes of door and window frames and panels.

#### 10.3.3 SPACE:

##### OUR DEVELOPMENTS ARE BLUE, GREEN AND SAFE

#### Concrete goals:

20. From 2021, all our new area developments are awarded an NL Greenlabel A rating.
21. In 2023, all our interventions in the built environment result in an improvement in local biodiversity, climate adaptation and safety.
22. We apply our latest solutions in three projects each year, and these will then become new showcases for the healthy living environment.

*20. Heijmans currently has six projects in the pre-screening phase with NL Greenlabel A ratings.*

*Two have B ratings. We are also doing what is possible for our ongoing area developments, although it will be difficult to achieve this goal retroactively.*

*21. Wherever we work, we leave the area better than we found it. This requires measurements in the various phases of a project. During preparations, design and realisation, as well as in the in-use phase. We are already making solid progress in various projects to realise this ambition.*

*22. Our three showcase projects (Maanwijk in Leusden, Vijfsluizen in Vlaardingen and Feyenoord City in Rotterdam) are all in different phases, but we are already seeing the impact of (planned) innovations. We also make broad use of our experiences and innovations in both existing and new area developments. Parijsch in Culemborg, Nieuw-Kralingen and Hart van Zuid in Rotterdam are our new showcase projects. There is a great deal of external interest in and appreciation for how Heijmans works and our products and services.*

Heijmans' ambition is to leave any environment where we develop and build in a better state than we found it. We do this on the healthy living environment, climate adaptation and nature inclusive fronts. We are expanding our know-how on all these fronts and we use innovative working methods. Heijmans has in-house ecologists and other specialists. This sets us apart in our sector. Although every project is unique, everything is also always interrelated in a project. Bringing together everyone's wishes and ideas at any early stage of the process, means we can come up with an integrated design and an efficient area-focused approach.

### Embedding sustainability ambitions

All our new area development projects have to have an NL Greenlabel A rating. This method helps us to identify certain aspects at an early stage and then monitor our impact on those fronts. This is a major factor in raising awareness of sustainability. Even minor changes can frequently result in improvements. This inspires people to take action. We have made significant progress on this front in several area development projects, including the Parijsch project in Culemborg. In this project, the focus is on nature inclusiveness and our aim is to make the optimum use of the existing flora and fauna. This is also true in the Westergouwe project in Gouda, where we are building climate adaptive homes in the lowest polder in the Netherlands. Here, we are combining a residential neighbourhood with a nature and recreational area. Water systems and green structures are improving the spatial quality of the area. We are aiming for NL Greenlabel A ratings for both projects.

## Making things measurable

How do we know we have been successful in terms of leaving behind an area in a better state than we found it? That is a complex, but interesting challenge. What do we want to leave behind in a better state? Air quality, water quality or quantity, biodiversity or the social situation? To monitor this, we have to take measurements in the various phases of an area development; a baseline measurement before we begin, measurements in the design and realisation phases and then in the in-use situation. In Maanwijk, we are working with the RIVM (National Institute for Public Health and the Environment), and with the Naturalis biodiversity centre in Vijfsluizen. We are now also working with the University of Wageningen on the measurement front. As we measure, monitor and collect data, we involved in projects for long, sometimes long after delivery. This applies to both Property development and Infra, as it enables us to monitor the impact of design choices we may have made years before. This gives us the insight we need to take further steps on the road to better, smarter and more sustainable.

It is clear from our initial experiences at our three showcase projects that it is essential to make clear choices in the first phase of a project, as this helps to add focus. Our goal is to achieve a (high) base level for the entire project, with one stand-out theme, such as better air quality, biodiversity or social cohesion.

## Gaining experience

Although we have been in this business for a long time, over the past few years our area development projects in Maanwijk, Vijfsluizen and Feyenoord City have served as both showcases and testing grounds, both internally and externally. We project the technology, services and partnerships from those projects onto other existing and new area development projects. So we do not view our showcases as standalone projects to be completed. We see them as steps in an ongoing process, in which we build on the lessons we have learned, the technology we have developed and our partnerships in other area development projects. The increasingly integrated approach of our various business units is a major boost on this front. Every single step take us closer and in every single project we look at what else we can do. This is how we give an additional impulse to existing projects and how we realise new area development projects of an even higher level in terms of nature inclusive, climate adaptive and circular development. We see that these projects inspire, enthuse and energise our people, our principals and our clients. And because we are open to new possibilities, people come up with new ideas and new initiatives. In the end, we want what happens in these

testing grounds to eventually become the normal way of working. The Hart van Zuid and Nieuw-Kralingen projects in Rotterdam and the Parijsch project in Culemborg are the next showcase projects we hope will provide the inspiration, both internally and externally, for further experimentation and continued learning.

## Infra

At Infra, we have the same motto: we leave an area in a better state than we found it. Biodiversity, nature inclusiveness, circularity and climate adaptation are now integral parts of the design, execution and maintenance phases of a growing number of our projects. This inspires our people, often in consultation with our clients, to think about new solutions or working methods. For instance, the use of circular materials or the creation of space for animals. We fit ecoducts with sensors and cameras, so we can measure the impact on local wildlife and nature. Does it work? Is it used as intended? This gives us a chance to collect valuable insights and data for other projects.

Our biggest challenge for the coming years is to truly embed 'green' in the organisation. At Property development, we are already targeting NL Greenlabel A. Over the last year, Infra ran a number of trials with this labelling system and concluded that the NL Greenlabel is difficult to apply to infrastructure. This is why Infra has made a start on the development of its own 'green-blue' ladder, based on the Safety Ladder system. For instance, we are currently working on a concept for green-blue business parks. We see a lot of market demand for this kind of concept, as there is growing recognition of the fact that a green (working) environment boosts the vitality of employees. We are currently running a pilot on this front at a business location in Hulst. We have applied for a subsidy for the continued development of this concept in the coming year. While we are perfectly able to estimate the costs of a project, estimating potential benefits is more difficult. Heijmans would like to see a shift away from simply looking at costs to looking at long-term benefits. That casts a whole new light on investments.

## Internal awareness

Last year, the space core team worked hard on changing the mindset among our colleagues. As part of this effort, they developed an integrated approach. They used workshops, flyers, presentations and training sessions to raise the awareness of the importance and opportunities of green and blue construction. This is helping employees to take their first steps towards doing things better (or wanting to). The core team includes people from all our business areas, as well as a number of specialist. Two 'promoters' are making sure this subject is embedded, both internally and externally.

## Regulatory environment

There are still some major differences on the regulatory front. For instance, Infra is dealing more and more frequently with the likes of the 'Kleurkeur' guidelines of the Dutch butterfly conservation organisation Vlinderstichting. These are relatively minor requirements, but – for us as a road contractor – essential to our mowing policy. Heijmans is certified to phase 1, but has to move up to phase 3 in the coming years. If we look at Residential building and area development projects, financial institutions are now attaching a growing number of conditions to biodiversity and climate adaptation in a neighbourhood, while the national Building decree has no requirements on these fronts. Although Heijmans is not a huge fan of overregulation, we do see the benefits of more uniform guidelines, as we believe this will help accelerate sustainability-related developments. This is partly why Heijmans is a participant in the 'Building with nature' (Bouwen met de natuur) manifesto, which is aimed at arriving at uniform regulations.

## Outlook

In the coming year, we want to make use of the available data to increase the integration of the smarter and sustainable themes at our own locations, too. Making use of the themes included in the NL Greenlabel system will enable us to make early adjustments to models based on the consequences of our interventions. We have already made a good deal of progress on this front, but we are looking to take some major steps forward this year. This will help us to make rapid analyses and generate reliable information data, which we can then use in other area development projects.

# Park full of potential

Park Vijfsluizen in Vlaardingen is all set to be a residential area with super-fast connections to the city and the beach, while also being a lush park bursting with local flora and fauna. For Lonneke Zuidwijk, this challenging environment offers plenty of opportunities for the future. Opportunities she wants to seize with new partners, while taking into account the qualities of the location. "Improving and adding to the natural environment has been the basic premise of this area development project right from the start. You don't sacrifice nature, you improve it. After all, we're not building houses in nature, we're creating a park you can live in. Our landscape architect and our ecologist had seats at the table right from the start and they had a say on every single aspect and at every phase of this project. Building with nature is part of our profession. I'm convinced that we cannot solve all the challenges and tasks we face alone, with climate change and all the related sustainability measures this will require. We need to do this together, with parties such as the Naturalis Biodiversity Centre, NL Greenlabel and the RIVM (National Institute for Public Health and the Environment). They provide us with the expertise and data we need to move forward."

**Lonneke Zuidwijk**, Property Development Director at Heijmans



Read the interview  
at [heijmans.nl](https://www.heijmans.nl)







## 11

# Year in review per business area

**After safety – we work safely or we do not work at all - sustainability and a circular construction sector are two of the main priorities in all our business areas. Thanks to our digital solutions, smart products and innovative way of working, we have a positive impact on property development, residential building, non-residential building and infrastructure in the 'real' world. This yields tangible results. On top of this, our organisation-wide efforts on the digitalisation front increase safety, sustainability and ease of use at Heijmans, and enable us to expand our portfolio of services.**

## **Covid-19**

Despite the continuation of the pandemic, Heijmans is in good shape. Of course Covid-19 has demanded a lot from our people right across the organisation. However, with the help of digital tools and other resources we were able to keep our processes and the collaboration between our business areas at a high level last year. And our employees remained as dedicated and committed as ever. That is something we can be proud of. The 'Let's keep working, safely' protocol is still in force and has been tightened up. Thanks to this protocol, we were once again able to keep working at our buildings sites.

And yet, Heijmans was still affected. Last year, Covid-19 had a considerable impact on our service business, which put a brake on our targeted volume growth. The offices of our clients were closed and people worked from home. Plus our service employees were sometimes denied entry to buildings due to the risk of infection. That resulted in a temporary decline in the volume of additional work we were awarded. We managed to partly offset this decline by taking on more project-based work and letting people work flexibly across the business areas. In addition to this, we noted that Covid-19 created new requirements and wishes related to the lay-out and organisation of offices. We are responding to that with our Beyond Eyes formula.

### Heijmans Hive

In late 2020, Heijmans opened 'the Hive' in Rosmalen. This is a so-called hub in which experts in the field of our 'Smarter' strategic pillar from right across the organisation are brought together physically in one building. They use this hub to work on a number of initiatives, at the behest of the business areas. Bringing together like-minded people and sharing and expanding know-how, is helping us to boost Heijmans' innovative potential on the smarter front even more.

Although our employees in the Hive often had to meet digitally due to Covid-19, the first year still saw the creation of a real community. This initiative has raised awareness of the expertise we have available and we are seeing more know-how exchange between initiatives in different parts of the company. This is boosting professional development in the likes of platform development, data analysis proposition development. Moreover, it has resulted in more substantive cohesion and a more in-depth exchange of ideas and know-how with respect to integrated Heijmans propositions. The coordinating team, with representatives from all our business areas, is helping to accelerate the process. For instance, this happened with Heijmans Energy, GezondWonen (healthy living) and Beyond Eyes. Plus the team has conducted research into a number of smart propositions, such as Smart Mobility.

We are harnessing the same integrated power to develop the healthy and smart home of the future. This includes using our know-how and experience of the above-mentioned Beyond Eyes (smart offices) to arrive at smart homes. We have been working with our partner CSU on the continued development of Beyond Eyes. When people in the Netherlands returned to their offices after the lockdown, our clients – such as Cyclomedia and the Venlo city council – were able to use Beyond Eyes

technology to guarantee a safe and healthy workplace for their employees.

Heijmans is also using the Hive as a platform to look for partnerships with a wide range of external parties: start-ups, established companies and think tanks. In one example of this, Heijmans is currently working with the Longfonds (lung fund), the University of Utrecht, the RIVM, TNO and a start-up on an initiative to measure air quality both inside and outside homes. We are doing this to measure the impact of construction on air quality and to make homes healthier. This is fully in line with our ambition to create a healthy living environment.

In another example, last year we organised a hackathon with PON Equipment on the theme of 'a safe building site'. Six teams with a mix of Heijmans and PON employees got to work with digital tools that could improve workplace safety. This proved to be a successful event that generated some highly usable ideas to make the building site of the future even safer. We are now translating these ideas into concrete actions and we will apply them in practice if possible.

We are also working intensively with JADS, the Jheronimus Academy of Data Science in Den Bosch. The JADS offers bachelor's and master's programmes in the field data science and is an ideal partner for our development in this field of expertise. And via the Hive, we are offering assignments to (graduating) students and PDEng (Doctors of Engineering) graduates at JADS.

Our goal is to translate these Hive initiatives into concrete propositions and new business models, which we can use for our clients via the Smart City team or the business areas. This is why it is so important to involve the rest of the organisation in the developments and innovations in the Hive. We will focus even more on this in 2022.

### Creators of a healthy living environment

We see all of our efforts as an investment in the future. We innovate and dare to be pioneers. From 3D to 4D: the combination of technology and physical building is creating new opportunities for Heijmans. We want to be leaders in construction technology, with a view to the enormous added value this creates for society. As creators – with professional skills in technology, construction and design – together we make a difference every single day. And safety is our highest priority. On the basis of our strategic pillars – Better, Smarter, Sustainable – we help to resolve major social challenges. Please find below a number of striking results per business area from 2021.

## Property development

Heijmans Property development focuses on area and land development projects in inner city and out-of-town areas. We are an initiator, developer and seller of homes and commercial properties, such as shopping centres and offices. We do this from three offices spread across the country and a central commercial property department. This is how we respond to the need for an integrated vision for the development and transformation of promising areas. In the first quarter of 2022, we opened a fourth office.

The Dutch real estate market for homes is marked by persistent pressure between supply and demand. This is pushing up house prices and putting pressure on the affordability of homes. Despite this, we can look back on 2022 with a good deal of satisfaction. Although the office market has ground to a halt due to Covid-19, shopping centres in central locations and in (new-build) neighbourhoods of a sufficient size are doing well. We recorded higher revenue and profit and a significant rise in the number of homes sold, both to private buyers and housing corporations, with sales to corporations heavily influenced by a single sale: we built 735 homes for the Woonbedrijf housing corporation on the TU Eindhoven campus.

## Developments

### *Changing demand*

The impact of Covid-19 is clearly reflected in the needs of our clients. The demand for houses with room for a home office is visibly on the rise. In addition, we have noted that the distance to work has become less important for people who only have to work at the office two or three days a week. For instance, we are seeing an increasing number of people from the Randstad urban conurbation showing interest in projects in the eastern part of the country, where homes are cheaper and there is more space and peace. This is an interesting development, certainly given the pressure on the housing market.

### *Regulatory environment*

Heijmans has noted that the government is attempting to solve the problem with the affordability of homes with fixed sales prices and rental/owner-occupier categories. However, rising building costs, driven by the scarcity of materials and people, is putting pressure on the business case for projects. From Heijmans perspective, regulation is a very temporary measure that is not without risk. If supply and demand are out of balance, you either have to reduce demand or increase supply.

Another major concern is the new Environmental Planning Act. This law makes it possible for different local authorities to set different standards. This makes far-reaching standardisation and industrialisation impossible. And this is something that is vital right now if we want to be able to build more homes and more affordable homes. It is essential to keep homes affordable, given that materials are becoming more both more expensive and scarcer. This is why Heijmans is a keen advocate of uniform national legal and regulatory requirements.

### *Planning capacity*

There is a huge amount of tension between supply and demand on the Dutch housing market. The main obstacle to the new government's target of 100,000 new homes a year is the shortage of planning capacity. The development of new out-of-town locations and the related development of new homes has been very slow to get off the ground. Local authorities are extremely cautious on this front, while we see numerous opportunities in out-of-town areas. The years of failure to plan new developments outside the so-called red contours is resulting in missed opportunities.

But there are also obstacles to new inner city developments. The number of stakeholders is much greater in inner city areas. And so we also face a shortage of planning capacity here, too. Everyone in the Netherlands can object to a construction project, even if that person is not a direct stakeholder. This is a major obstacle to the acceleration of the production of new homes. On top of this, we have noted that the capacity for handling and issuing permits leaves a lot to be desired, which over the past year has actually increased the waiting time for procedures and delayed the start of construction.

### *Purchase of land and development locations*

Heijmans wants to remain active in both inner city and out-of-town locations. After all, our buyers are looking for homes in both locations. This is why we once again took up and acquired new land holdings in 2021. These were option and land purchases, both with and without supplementary unconditional terms, such as spatial planning status and supplementary payments.

### *Interlinked opportunities in area developments*

Over the past few years, we have worked on numerous inner city area development projects, including Hart van Zuid in Rotterdam, Energykwartier in The Hague and Willemspoort in Den Bosch. In addition, we invest in new out-of-town area development projects. In doing so, we are anticipating a much-needed shift, as we are seeing huge demand for affordable, sustainable and high-quality houses for families.



Because land is scarce, we always expressly look for 'interlinked opportunities' in all our area development projects: how can we use our projects to contribute in terms of energy, mobility, biodiversity, social cohesion, etc. What is more, we have to be smart about how we do our work. To keep our products affordable, we innovate and invest in production technology.

### Future vision

To get planning capacity to the required level, local authorities, municipalities, provincial authorities and the national government have to open up planning for out-of-town areas. Although there is a certain level of reluctance at the moment, we are seeing increasing demand for homes in these areas. The national government has challenged the market to indicate locations where we can make substantial contribution to reducing the housing shortage. In an alliance with other market players, in 2021 Heijmans submitted a large-scale plan with a vision for a new living environment: the Eemvallei Plan. This plan offers climate-resilient and sustainable solutions for the major challenges society is now facing: the housing shortage, the Energy transition, climate change, biodiversity and sustainable agriculture. This area development, on the eastern side of Almere, includes 50,000 homes, with lots of space green areas, water, the generation of sustainable solar and wind energy and high-grade public transport links. This decision was received with great enthusiasm by a number of parties, including LTO (the Dutch Agricultural and Horticultural Association) and forestry conservation organisation Staatsbosbeheer. The Eemvallei City design also received a lot of attention in the national press. We are now in talks with various government authorities, including the national government, provincial authorities and municipalities.

### Projects property development

New projects acquired in 2021 include:

#### *Dreven, Gaarden and Zichten in The Hague*

In July 2021, Heijmans signed a cooperation agreement for the restructuring of the Dreven, Gaarden and Zichten neighbourhoods in The Hague. The aim of the restructuring is to transform the neighbourhoods from an outdated and vulnerable area into an attractive, vital, resilient and sustainable residential area. This project has a strong focus on socioeconomic factors. In addition to the construction of homes in a healthy living environment, other important factors include affordability, liveability and social cohesion. The basic premise is that everyone who currently lives in the neighbourhood will be able to return there once the transformation is complete. Heijmans will build homes for the Staedion housing

corporation (3,000 to 3,500 homes) and free market homes for its own account and risk (1,500 to 2,000 homes).

#### *Hart van Zuid in Rotterdam*

Hart van Zuid is the 'heart' of Rotterdam-South. The aim is to create a new, lively city centre. A place where residents, visitors and entrepreneurs all feel at home. For such a central location, this area currently has relatively few residents. Residents are important to bring this area to life, which is why the plan also includes new homes. Heijmans has been involved in the transformation of this area since 2016. We expanded our share in the plan with the acquisition of the former ABN AMRO office building. This building will be redeveloped into a residential tower block with around 200 apartments. Heijmans is set to build 100 apartments.

In 2021, Heijmans started construction on:

#### *New Brooklyn in Almere*

Heijmans and Syntrus Achmea signed a turnkey purchase agreement for the construction of 86 energy-neutral homes and two commercial spaces in the New Brooklyn new-build neighbourhood in Almere, close to the Almere Poort railway station. This includes 23 ground-floor maisonettes, 23 upper-floor maisonettes and 40 apartments with an average floor space of 81 m<sup>2</sup>. The two commercial spaces are 375 m<sup>2</sup>. All the homes are energy-neutral thanks to excellent insulation, district heating and solar panels on the roofs. There will be public space for parking, complete with charging stations for electric cars.

#### *Energykwartier Regent II in The Hague*

The Energykwartier is located in a multi-faceted city district on the edge of the centre of The Hague. A wide variety of homes and price classes will help make the city accessible for everyone. For instance, the project will add liberalised sector rental apartments, social rental apartments and owner-occupier homes, houses with gardens and penthouses to the Energykwartier.

#### *Imagine in Rotterdam*





Imagine consists of 162 owner-occupier homes, 133 rental apartments, 120 parking spaces and 1,500 m<sup>2</sup> of commercial space. This project is an excellent example of sustainable construction: the apartments are energy-efficient, the building will be climate adaptive and will have a collective courtyard garden. Residents will also have access to shared mobility. The apartment complex consists two high-rise residential blocks linked at street level by a building with commercial and social amenities. This is the first project in the Feyenoord City area development.

# Heijmans' vision of the Smart City

Everyone wants to breathe clean air, live in a pleasant neighbourhood, enjoy beautiful nature, work in a good workplace, get from A to B safely and return home healthy at the end of the day. Heijmans realises such a healthy living environment on the basis of 9 themes, through an integrated approach of living, working, staying and connecting. A physical world with spatial, social and natural elements, which, following our 7 'Smart City' pillars, is enriched, improved and strengthened with an extra virtual and digital dimension through the use of data-driven solutions and technology. This way, residents and users can get the most out of their healthy living environment now and in the future.

## Smart Energy

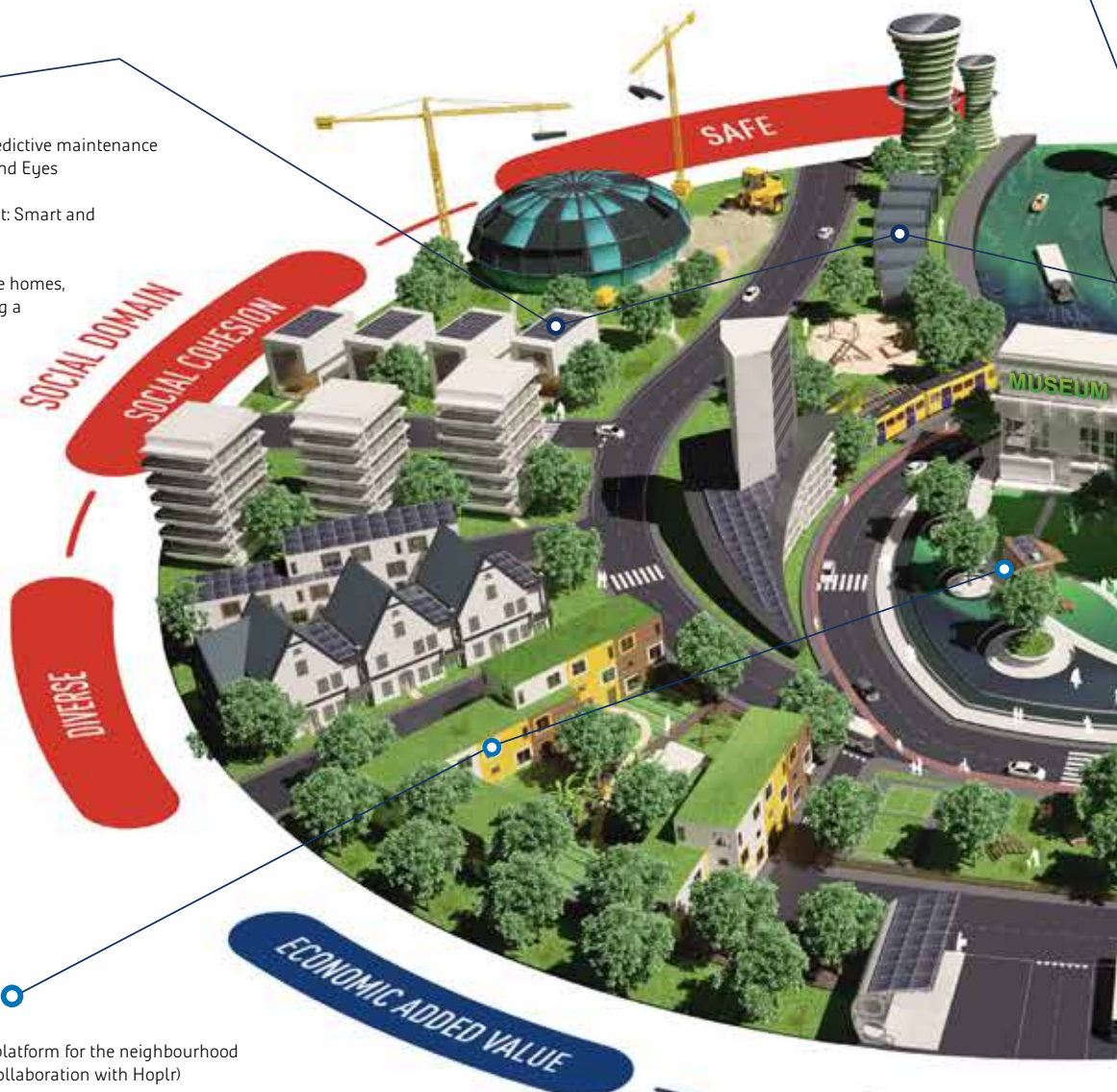
Among other things through:

-  A collective energy system (with alternative energy generation) for sharing at district level
-  Connecting equipment: separate insight into energy use and for preventive maintenance
-  Solar roofs and vertical solar façade with connection to collective energy system
-  Energy-neutral homes and dynamic LED-lighting in public space

## Smart Building





Among other things through:

-  Smart buildings with predictive maintenance through the use of Beyond Eyes
-  'Healthy Living' - concept: Smart and healthy homes
-  Heijmans ONE - Movable homes, full electric and including a solar roof
-  The 'Circular Home concept': A sustainable home with sustainable materials



## Smart Governance





Among other things through:

-  Online Neighbourhood platform for the neighbourhood and surrounding area (collaboration with Hoplr)
-  Neighbourhood coaches via online platform
-  Real-time area management partly based on generated data
-  Create economic added value by connecting local entrepreneur via apps

ACCESSIBLE  
SPATIAL DOMAINS





### Smart Mobility

Among other things through:

-  Sensor-based traffic safety system for pedestrians and cyclists (BikeScout)
-  MaaS: Mobility hub with electric shared cars, bicycles and cargo bikes
-  DaaS: Traffic flows through dynamic traffic information and parking assistance system
-  Tyre pressure metre through sensors in the road surface, which immediately pass on the actual tyre pressure via a roadside sign





### Smart Infrastructure

Among other things through:

-  Dynamic, sensor-based management of bridge and lock doors
-  Predictive maintenance through sensors which monitor traffic and pressure on infrastructure
-  Underground smart grid which organises and directs data, energy and circular residual material flows
-  Standard WiFi in all homes and buildings



### Smart Health & Well Being

Among other things through:

-  Intelligent buildings which self-manage comfort, air quality, security and energy use
-  Monitoring air quality via sensors in public space
-  (Online) Stimulating of vitality (BeFit) and interaction (neighbourhood parties, cycling groups etc.)
-  Safety through neighbourhood prevention via apps

### Smart Environment

Among other things through:

-  Smart connection of green to smart rain water harvesting and distribution system
-  Urban farming / Roof fields on the roof incl. picking and vegetable garden and rain water harvesting
-  Public space with great biodiversity and climate adaptive playing areas
-  Detection to prevent heat stress and flooding



BLE  
MAIN

## Client system

In 2021, Heijmans Property development and Heijmans Residential building switch completely to a new client process supported by a digital platform, with the exception of a number of ongoing projects. The system is both an improvement of Heijmans' own internal process and of the client journey. A digital client platform is the basis for our new way of working. The client journey is central to this new platform, aimed at creating a more pleasant purchase and living experience. At the same time, this has optimised and digitalised our internal processes. Our ambition is for this platform to improve the experience of both clients and employees. This will help us to minimise errors and be more client-focused and smarter.

## Flexible concepts

Heijmans has developed a new type of concept house, the so-called XS home. This is an extra small house in two different widths. It is a narrow, compact home primarily for starters. The homes are priced below the limit for the Dutch government's NHG mortgage guarantee scheme. The first 30 XS homes were built in Westergouwe in Gouda. We are also building these affordable XS houses in Pijnacker, as well as in the Vathorst neighbourhood of Amersfoort.

In 2021, Property development and Residential building started on the development of two apartment concepts. This development was driven by a number of factors, including the increasing demand for inner city homes for one-person and two-person households, the pressure on the affordability of housing corporation homes, plus the limited production capacity and high building costs. Heijmans developed one of the concepts specifically for housing corporations and investors, and this concept can be seen as a Huismerk label: standardised variation, with a flexible look and feel. On the basis of the Woonstandaard (housing standard) - basic housing corporation requirements for various product-market combinations - we have developed a flexible apartment building with gallery access. This is flexible in terms of height (up to a maximum of five floors), but also in terms of appearance. We are set to develop and build these apartments for the Kleurrijk Wonen housing corporation in Culemborg.

The second apartment concept we are developing offers a great deal of variation and flexibility, with a wide range of architectural options to fit them into urban environments and various access options for the separate apartments. We will develop and build these apartments in the South West district of The Hague, as part of the Dreven, Gaarden and Zichten area development. Thanks to the modular design, this concept is very easy to fit into inner city areas, while the variation in floor plans makes it perfect for anything

from social rental homes to high-end liberalised sector apartments, offering something for everyone. We believe this diversity will boost liveability. This is why this concept is aimed at both housing corporations and the private buyer and investment markets.

## Healthy Living

GezondWonen, or healthy living, is an offshoot of our SlimWonen (Smart Living) concept. Last year, we launched our first three data-driven services. Resident scans now use sensors to monitor and manage the air quality, CO<sub>2</sub> emissions and energy consumption in their homes.

## Green façade

Last year, Heijmans delivered the Greenville project in the Leidsche Rijn district of Utrecht. This is a stepped construction, with 123 homes, covered with trees and plants, with a park at the door. In all modesty, we see this as an extraordinary project and beautiful addition to the Leidsche Rijn district.

## Smart City

For Heijmans, Smart City is about a combination of solutions for themes such as air quality, mobility, energy monitoring, safety and health. Being 'connected' to the internet is also important. In Smart City, we connect the physical world with the digital world. In the context of the Heijmans strategy, a number of years ago we identified three showcase projects in which we are combining all our know-how and expertise, for the optimum application of our integrated approach. We do this with sensor technology, by measuring and by doing things smarter and differently. This is where we can add value and an integrated company. We work closely with local authorities, knowledge institutions, market players, local entrepreneurs and residents. Because it is only by working together that we can realise our ambition for a healthy living environment in a tangible form. Those showcase projects were Maanwijk in Leusden, Park Vijfsluizen in Vlaarding and Feyenoord City in Rotterdam. In the meantime, we have added three new projects to our showcase list: Hart van Zuid and Nieuw-Kralingen in Rotterdam and Parijsch in Culemborg.

## Maanwijk in Leusden

Maanwijk is all about connections. The goal of this neighbourhood is to create social cohesion, also in terms of the connections with its neighbouring districts. The design of the neighbourhood reinforced the relationship between 'indoors and outdoors' and invites people to meet each other. In early 2022, Heijmans delivered the first homes in Maanwijk, but our role goes a lot further than just building homes. Maanwijk will be connected to its environment physically, socially and digitally.



We will connect the residents of both Maanwijk and its neighbouring districts digitally via the Hoplr online neighbourhood platform. More than 80% of the future residents have already signed up to this platform – before they even live there. We will also be rolling out Hoplr in our other area development projects.

What makes us really proud of Maanwijk is its status as a park-inclusive neighbourhood. Maanwijk is the first residential district in the Netherlands to be nominated as an official part of a Dutch national park, in this case the Utrechtse Heuvelrug National Park. Maanwijk will offer 120 homes, including eight starter's homes and 36 social rental homes. All these homes will have an NL Greenlabel A rating. We are also teaming up with the University of Utrecht and the RIVM to measure the air quality in Maanwijk.

#### **Park Vijfsluizen in Vlaardingen**

We are helping to build Park Vijfsluizen in Vlaardingen, a residential park with 400 sustainable, energy-efficient owner-occupier and rental homes. These vary from terraced houses, town houses, studio apartments and luxury semi-detached houses. Right from the start, the design choices for the homes in this development were based on the need for climate adaptation and biodiversity. In this project, we are very focused on the creation of a green residential and living environment where flora and fauna are given all the room they need to thrive. Thanks to this, residents will get to enjoy nature every single day. We are also making sure the ecological systems are robust and will not be dependent on maintenance or conservation by the residents themselves. The sale of the homes has already started. Just like Maanwijk, the Park Vijfsluizen projects is NL Greenlabel A certified. In Vijfsluizen, we are working with the Naturalis Biodiversity Centre to map out and measure the biodiversity in the area. This is so Heijmans can clearly demonstrate: we leave areas in a better state than we found them.

During archaeological research at the site of Vijfsluizen, archaeologists made a startling discovery: the oldest dyke in the Netherlands. We made sure this historical treasure was mapped out and preserved in the urban structure of the neighbourhood. So it will be preserved for future generations and is now a part of the new neighbourhood.

#### **Feyenoord City in Rotterdam**

Feyenoord City is a complex inner city area development. In late 2021, construction started on Imagine, a cooperative effort involving various partners and Heijmans Residential building. This is the first project in the Feyenoord City area development. Imagine is located on the edge of Parkstad, on the corner of Laan op Zuid and Rosestraat. The energy-efficient apartment complex consist of two high-rise residential towers linked at street level by a building with various commercial and social amenities. Imagine will offer a total of 295 homes.

#### **Hart van Zuid in Rotterdam**

We have been working on this project for a number of years and it was already a wonderful case in itself, without us having to call it a showcase. Although this is currently in the execution phase, we continue to improve this project in qualitative terms. This is why we have now also designated Hart van Zuid as a showcase.

#### **Parijsch in Culemborg**

This is a perfect example of how we create a healthy living environment. The Parijsch project is all about outdoor life and contact with nature and can be seen as a successor to Maanwijk. Because we will be working on a number of sub-projects in Culemborg for at least 10 years, we can invest continuously in the development of the area and continue to focus on quality. Parijsch consists of a number of separate neighbourhoods, with a total of 1,000 homes. Each small neighbourhood has its own character and they are all connected by green areas, wild grass and water. This project started in 2016 and will run through to 2026.

#### **Nieuw-Kralingen in Rotterdam**

Immediately adjacent to the Kralingse Bos woods and Kralingse Plas lake, Nieuw-Kralingen will offer 800 homes build in the style of the 'old' Kralingen. Together with a partner, we have devoted a lot of attention to green and blue in this project. The planting plans for the residential streets and the central green-blue artery running through the neighbourhood were specifically designed to connect the woods with the neighbourhood and the homes. We also installed facilities for the retention of rainwater in the area. Heijmans Energy is involved in the context of smart energy facilities, such as the use of heat pumps, maintenance and management. This project will also include shared mobility services. The Rotterdam city council does not use Greenlabel certification, but does use the GPR sustainability scoring system. We have agreed a minimum score of 8, which is more or less the same as Greenlabel A. The sale of the first homes started in 2021.

### Other Smart City developments

In addition these showcase projects, we apply parts of our Smart City concept in many other places. For instance, we have already fitted 2,500 homes with the Homies system. This security system is based on social controls, with neighbours called in if something is going on. It is a form of neighbourhood prevention that helps boost social cohesion in a neighbourhood.

Last year, we also developed shared mobility services at several locations, as part of an area development. This means fewer parking spaces are needed, which increases room for green spaces and/or homes. MaaS - mobility as a service - can consist of shared cars, but the concept can also include shared bikes and train and bus travel. In any case, it reduces the number of cars in a neighbourhood, making it greener and safer. We have already realised this concept in the Energykwartier in The Hague. In the next phase of this proposition development, we are planning to develop mobility hubs in the neighbourhood. This will combine MaaS solutions with other local needs, such as package services, a neighbourhood shed (for shared tools, etc), or a dry cleaners. This hub will also serve as a meeting place for local residents. We are already developing similar hubs in a number of places, including Maanwijk, and we will use this to gain experience and learn. Meanwhile, we have closed concrete contracts for 143 shared cars for some 17 projects, which is the equivalent of a 'saving' of 572 parking spaces.

### Building & Technology

The Building & Technology business area comprises four core activities: Residential Building (new-build, restoration and renovation), Non-residential projects (integrated approach to construction and installation technology), Multi-functional high-rise residential construction (complex inner-city new-build projects and buildings with a highly mixed range of functionalities) and Services (maintenance and management).

As a result of our selective project acquisition policy, with a balanced ratio of risk to profitability, revenue in this business area declined in 2021, but we did record more profit.

### Developments

#### *Data-driven services*

We are seeing a steady increase in the importance of data-driven services in maintenance and management contracts. The smart analysis of data gives us effective insights into the use of our clients' assets and we can use these insights to provide them with the best advice on

operational matters and preventive maintenance. We aim to achieve long-term cooperation with our clients.

#### *Renovation*

In addition to new-build projects, renovation projects account for a growing share of our portfolio. In 2021, Heijmans renovated around 1,200 homes for housing corporations and investors. Our main focus on this front is project-based sustainability improvements for existing real estate. Under the name Heijmans B'woond, we are developing process-focused approach to smarter renovations of existing real estate. This is because renovation requires specific expertise and a very different approach than new-build project. Together with our clients, we determine which sustainability measures are required. We then convert this advice into practical execution. And users are our main focus in every phase of a project. This is important, because projects aimed at improving sustainability can have a major impact on residents.

#### *Residential building*

Residential building's activities include new-build homes, plus the refurbishment and renovation of existing homes. This includes the transformation of buildings to alternative uses, for instance from offices to homes. Heijmans differentiates itself on this front due to its integrated approach to building and installation technology. For the realisation of residential building projects, we cooperate intensively with Property development. Last year, we saw continued growth in projects for housing corporations and investors. Our way of working and our range of concept homes are increasingly the differentiating and decisive factors in tenders. Last year, we made a major effort on three front:

- Residential concepts
- Industrial-scale construction
- Material flow analysis

#### *Residential concepts*

Heijmans has been successfully building concept houses for many years. This is how we put Heijmans goals related to safety, process optimisation, sustainability and digitalisation into practice. This concept development is important. The key to our success is not standardisation, but the flexibility and variation of our concept homes. We build our concept homes on-site with seven co-makers. We have fully optimised this process. All activities are monitored via an online dashboard, so we can regularly measure, adjust and improve the impact of our actions on speed and affordability. Last year, we continued to develop our concepts in terms of sustainability, material analysis and variation in our end products.

### Concept houses

Heijmans Woonconcept has been around since 2012 and we deliver between 800 and 1,000 of these homes each year. Heijmans Woonconcept has two labels: Huismerk for the affordable rental market, primarily for housing corporations and investors. The Wenswonen label is for the consumer market. In addition, we have the moveable Heijmans ONE. This industrial product emerged from the 'factory' 100% ready and can be placed within 24 hours. In 2021, we placed 51 Heijmans One homes, six of them in Switzerland. Other countries have also shown in interest in these homes.

Digitalisation is enabling us to make our homes more affordable. For instance, in 2020 we introduced the 'Woonconfigurator': buyers can choose from various options. We then use this system to convert their wishes directly into planning and production. In 2021, we took this system to the next level, looking beyond cost optimisation alone, to client experience. We also optimised the planning process, largely by cutting lead times. This has helped us to reduce costs, improve affordability, increase the time buyers have to make their choices, and improve the overall client experience.

In the coming five years, Heijmans will build between 400 and 500 rental homes in the Eindhoven region. The assignment is part of the Standardised Social Rental Homes pilot, for which a total of 13 housing corporations and nine local authorities in the Eindhoven Metropolitan Area have joined forces. This is a unique cooperative effort to tackle the growing shortage on the housing market. The aim of this pilot is to make more affordable,

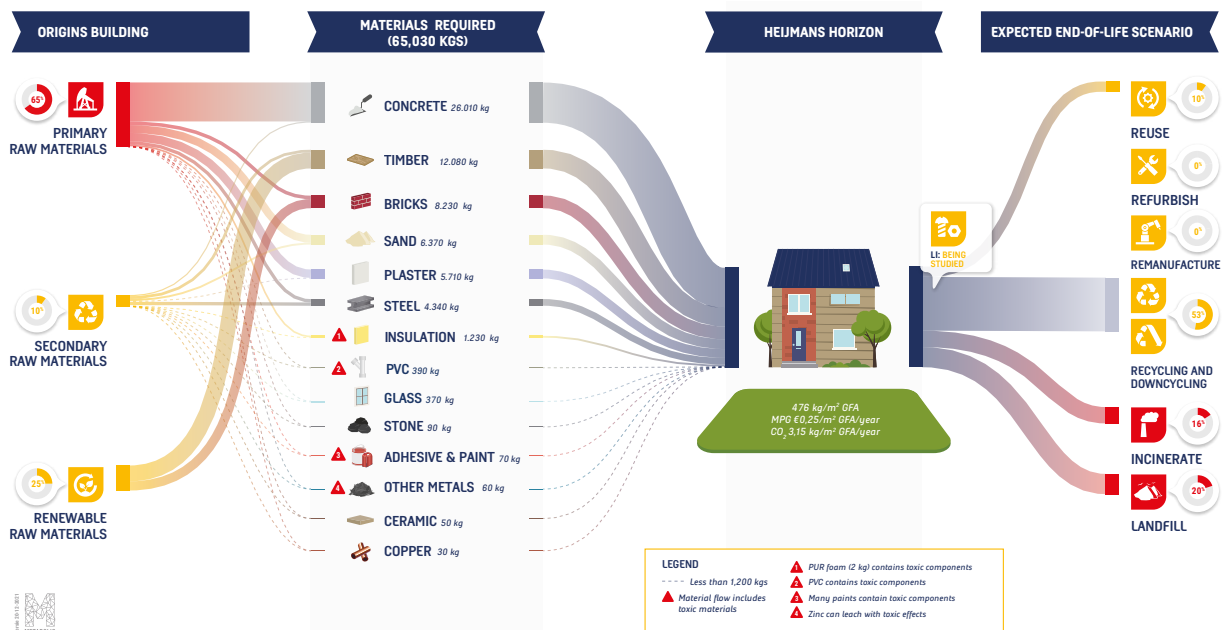
sustainable rental homes available for tenants. The Heijmans Huismerk concept homes make this possible thanks to smart standardisation, which helps to reduce building costs and accelerates the building process, while retaining variation. We can also build these in line with 'zero on the meter' principles. This reduces the energy consumption of the homes to zero, thanks to the smart use of energy-saving and energy-generating installations.

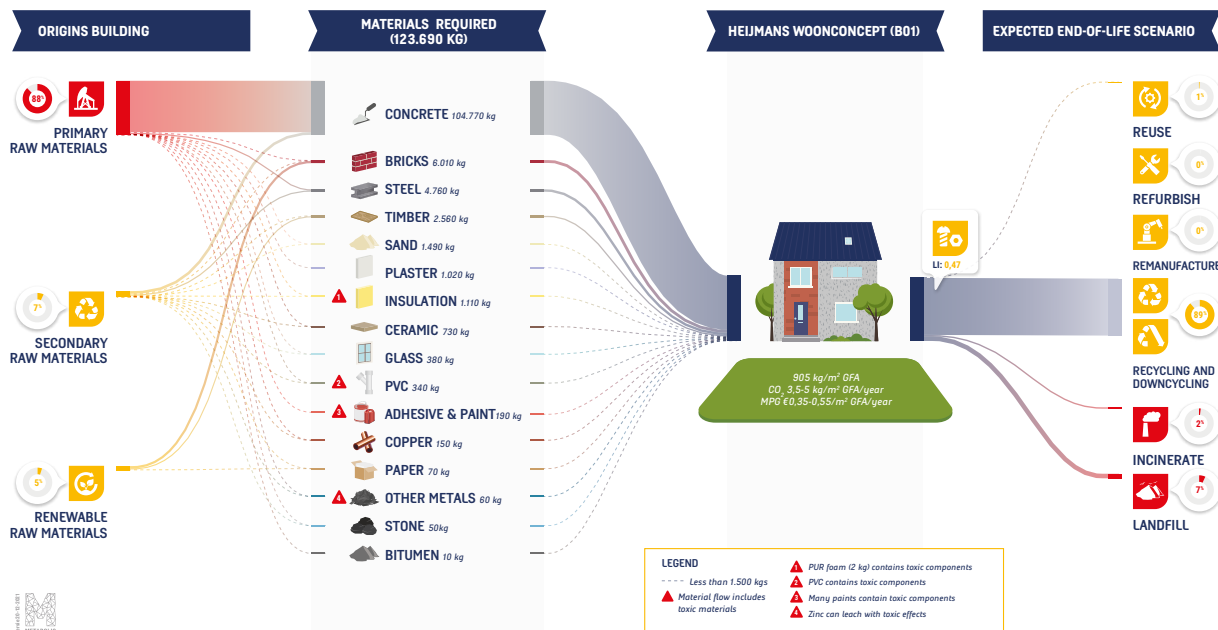
### Heijmans Huismerk Apartments

Heijmans developed this concept last year specifically for housing corporations and investors. On the basis of the Woonstandaard (housing standard) - basic housing corporation requirements for various product-market combinations - we developed a flexible apartment building with gallery access. This is flexible in terms of height (up to a maximum of five floors), but also in terms of appearance. Thanks to this new concept, we can offer solutions for a number of issues: the increasing demand for one-person and two-person homes, the pressure on the affordability of housing corporation homes, limited production capacity and high building costs, plus complexity and long lead times of demolition/new-build projects. We expect to start construction on the first project for this concept this year. We have signed a letter of intent to build 32 apartments in the Linieveld new-build neighbourhood in Culemborg for the Kleurrijk Wonen housing corporation according to this concept.

### Heijmans Apartments Concept

To respond to the demand for variation, we have developed a second high-rise concept, primarily for the liberalised rental sector: the Heijmans Apartments Concept.





This concept offers even more variation options and is our creative and flexible response to the demand for inner city variety. This concept is also based on standardisation and process optimisation, but we have added a whole new level of variation and flexibility so we can respond optimally to the needs of our clients. Thanks to the variation, we can add a high level of variation to a single neighbourhood or area development.

**Industrial-scale timber frame construction**

For the construction of our concept homes, we work with a co-makers in a mall 'factory' on the building site. The next step is industrial-scale construction. By 'insourcing' the chain, we bring all the co-makers together in one factory, so we can build the entire home there. From 2022 onwards, Heijmans will build timber frame homes. To accelerate the scale up to large-scale of production, we acquired energy-neutral production facility of IIBO (Intelligent Innovation Building Solutions). This will enable us to quickly build homes on the basis of a standardised, industrial building system, without having to sacrifice flexibility and variation. This is also a significant step in terms of our ambition to build in a CO<sub>2</sub>-neutral manner. Alongside this new development, we will continue to build with sustainable concrete.

**Nature-inclusive area development**

In mid-December 2021, Heijmans and forestry conservation organisation Staatsbosbeheer signed a letter of intent on collaboration on a number of fronts related to sustainable building. This includes the delivery and procurement of bio-based building materials, such as timber, and adding green areas in new residential neighbourhoods and area development projects. Together

with Staatsbosbeheer, we are studying the possibility of joining forces to plant forests and then harvest, process and use the trees in Heijmans' new timber frame homes. In addition, we are planning to work together on nature-inclusive area development as part of the Green Metropole strategic programme. Staatsbosbeheer want to use this programme to help create an attractive residential and commercial climate in Dutch cities, making green areas an innate part of the (urban) living environment. Both parties want to exchange know-how on the potential applications of timber and insights into the quality of various types of wood.

**Material flow analysis**

MFA stands for 'Material Flow Analysis' is pertains to the analysis van material flows created by Heijmans' projects. As part of Heijmans' strategic theme Sustainable, Heijmans will use MFA to take the next step towards 100% circular building. In a circular construction sector, a construction company will no longer focus solely on the construction phase, but will take into account the entire lifecycle of materials and will set requirements for the origins and health of materials, and make sure that it is easy to reuse those materials in the future.

Making the entire material flow, together with the related circular performance, visual transparent, will enable Heijmans to accelerate the reduction in the share of primary raw materials and top eliminate the concept of waste in phases.

In 2021, Heijmans introduced MFA as a new way to measure the degree of circularity in its construction works: for houses and apartments, for infrastructure and

for other constructions in non-residential projects. For instance, Heijmans now recognises four district criteria for the homes it develops using MFA, including the share of secondary raw materials, the share of renewable raw materials and level of detachability, according to the Building circularity index (Dutch: LosmaakbaarheidsIndex - LI). These performances are rendered transparent using a diagram that visualises the share and the direction. Last year, we drew up a plan of action, in cooperation with Metabolic, to introduce MFA in projects and, from 2022, to use it as a formal KPI for circular houses. MFA plays a central role the measurement of circular building. Both in residential and non-residential building, as well as in groundwork, road building and water constructions. Heijmans is using MFA in all its business areas and the tool will be applied to various projects.

The advantage of MFA is that Heijmans can use a single image to show colleagues, clients and users the current material impact of an object and which material flows need to be addressed first. This image will inspire and mobilise the organisation to think and act in a circular fashion. For instance, the MFA for Heijmans Woonconcept shows that the concrete is the biggest factor in the use of primary raw materials. This is why in 2022, Heijmans is planning to take extra steps to make this material flow more circular. And that to the MFA of the Heijmans One and Horizon homes, Heijmans can demonstrate that the light weight and renewable origins offers a number circular advantages. The usual circular measurement methods, including the CPG, offer fewer options in terms of showing the degree of circularity in a concrete and transparent manner. We are planning to increase the use of MFA as part of these other methods, so we can respond more effectively to market developments.

In due course, Heijmans wants to look beyond gaining insight into the circularity of its material flows at project level, to gaining insight at an overall organisational level. After all, Heijmans spends more than € 1 billion a year on building materials and it is our responsibility to make all those materials more sustainable. For the further implementation of MFA, Heijmans will therefore focus primarily on automation of the processes, so we can generate an MFA for every project and every home. This gives the Heijmans organisation direction in terms of more circular procurement processes and more future-proof building works. Heijmans is therefore using MFA to take the next step towards 100% circular building.

### **Projects residential buildings**

In 2021, Heijmans started construction on the following Residential building projects:

#### ***Dukdalf site in Harlingen***

On the inner city Dukdalf site in Harlingen, Heijmans has developed 70 sustainable social rental homes for the De Bouwvereniging housing corporation on the Wadden sea side of the site. On the other side of the site is Zuiderhaven, where the luxury canal houses and apartments will be built. The architecture of Zuiderhaven is a seamless fit with the existing rows of individual houses so typical of Harlingen, blending old and new. All the façades are different and are a perfect fit with the existing 17th Century canal houses.

#### ***Earthquake resistant homes in Loppersum***

In an assignment commissioned by the National Coordinator for the province of Groningen (NCG), Heijmans is responsible for both the demolition of existing homes and the construction of 67 new energy-efficient homes in Loppersum for residents whose homes had been damaged by earthquakes. In this project, Heijmans has always taken into account the feelings of the residents who were forced to bid farewell to their old homes. Thanks to their unique construction, the new gas-free homes are earthquake resistant. What is more, during the entire process people with questions or concerns can visit the special 'hoeskoamer' (living room) set up in a Heijmans ONE house in a central spot in the neighbourhood.

#### ***Woonpalet in Zeewolde***

In Zeewolde, we have started construction of 31 (rental) homes, 21 of which are Heijmans Woonconcept homes, while the remaining 10 are Heijmans Industrial Residential homes. What is striking about the design is attention for climate adaptation and biodiversity. The outdoor storage spaces will be fitted with moss-sedum roofs. The moss and plants absorb rainwater, provide cooling and improve the living environment of birds, butterflies and other insects. Every home also comes complete with a rain barrel and nesting boxes, to boost biodiversity in the area.

#### ***Reginadonk in Roosendaal***

In a commission for the Alwel housing corporation, in 2021 Heijmans started the renovation of 181 homes in Reginadonk in Roosendaal. The project is part of a partnership with Alwel for major maintenance and measures aimed at improving the sustainability of the homes. For instance, floors and façades will be insulated, roofs, door and window frames and bathrooms will be replaced and all the homes will be fitted with solar panels.



Design coordinator Rutger de Vaan from Heijmans and Bart Zeegers from Van Gelder working together on the De Oranje Loper project in the centre of Amsterdam.



heijmans

Residential building projects delivered in 2021 include:

#### ***Zandwierde in Almere***

Last year, Heijmans delivered 22 new rental apartments without snagging items in the Zandwierde district of Almere. The homes are energy-efficient, fitted with solar panels and are gas-free. The building is also connected to ground water pumps. The pumps pull warm water from deep in the ground to warm the homes.

#### ***Inntel in Amsterdam***

Heijmans delivered the new Inntel Hotels Amsterdam Landmark in 2021. The hotel has 16 floors and 306 rooms, a restaurant with terrace, meeting rooms and a wellness centre. The hotel is located on the Oostenburgereiland, a former industrial site will undergo a metamorphosis in the coming years. The location was a logistical challenge. For instance, the island has only one entrance and one exit. We also had to take into account the many other building projects running at the same time. This made detailed coordination of and limitations on the delivery and removal of building materials essential.

#### ***Spaarndammerhart in Amsterdam***

At the site of the former Spaarndammerschool in Amsterdam, Heijmans delivered 36 owner-occupier homes, 20 liberalised sector rental homes and 24 social rental homes. The architecture of the homes is a seamless fit with the Amsterdam School style of the surrounding streets. This project was awarded the 2021 Abe Bonnema Architecture prize and the 2021 Zuiderkerk prize. The votes of local residents counted for one-third in the award of the tender. They were also involved in the choice of the bricks for the exterior façades and the design of the collective courtyard garden and public spaces.

#### ***De Ontdekhal, Technology Experience Center (TEC) in Utrecht***

Het Technology Experience Center is a play-workplace in the Overvecht neighbourhood of Utrecht, where professionals share their passion for technology, creativity and innovation with young people. By bringing them into contact with technology, the TEC wants to make young people enthusiastic about the world of technology, so they can eventually fill the huge staff shortages in the technology sector. This is an ambition Heijmans fully supports. Heijmans realised the Ontdekhal to build the future, both literally and figuratively. Heijmans coordinated the construction of this experience centre.

#### **Multi-functional high-rise residential construction**

Heijmans Residential building business area is also active in multi-functional high-rise residential construction. The

focus here is on complex inner-city new-build projects and buildings with a highly mixed range of functionalities. This activity requires a combination of expertise and specific know-how, which at Heijmans translates into a nationally operating business unit with fixed teams.

#### ***Current projects***

In 2021, we once again made solid progress in the realisation of a number of high-profile projects.

#### ***Vertical in Amsterdam***

To transform the current area around Amsterdam Sloterdijk Station into an attractive residential and commercial area, Heijmans aims to create a combination of city (living, working and leisure) and green areas. We are building both low-rise and high-rise buildings, various roof gardens and an underground garage, plus 836 m<sup>2</sup> of commercial space. The low-rise, with a residential tower block, consists of 14 town houses and garden loft homes and 42 apartments. The high-rise tower block will include 112 apartments and maisonettes. The commercial shared spaces will be used to house the likes of a restaurant, fitness space or flexible working places. VERTICAL is a masterpiece of Dutch design.

#### ***Vestibule in Leidsche Rijn***

This project consists of 48 owner-occupier homes, a mix of apartments, town houses and penthouses. Vestibule is a beautifully designed, energy-neutral building. The exterior stands out due to its extraordinary and modern architecture. The owner-occupier homes will have an impressive entrance, with a wide glass façade and a vaulted wing.

#### ***Piekstraat in Rotterdam***

The Piekstraat residential tower block in Rotterdam is located in a unique spot in Rotterdam-South: at the tip of 'Feijenoord island'. The residential tower block will be more than 70 metre high and will have 142 loft apartments in all kinds of styles and sizes. City heating, a thermal exchange system and solar panels on the roof will provide the building with 100% sustainable energy. Piekstraat will also inspire a sustainable lifestyle in other ways. For instance, the garage will be fully equipped for 100% electric car use, plus it will have shared electric cars and bikes and enough room to park 500 bikes.

#### **Non-residential projects**

##### ***Projects delivered in 2021***

#### ***Laan op Zuid in Rotterdam***

In 2021, we completed the renovation of the Tax Office Laan op Zuid in Rotterdam, a project commission by the



national government. Among other things, we added a number of measures to make the building more sustainable. The Dutch government's Real Estate Agency gave the project a Past Performance score of 9.4.

#### ***Dub30 in Maastricht***

In September 2021, we completed the refurbishment of Dub30. This project for the University of Maastricht revitalised the former offices of the Dagblad de Limburger newspaper, converting it into a full-fledged laboratory for the Science and Engineering faculty. Heijmans took an integrated approach to this project and coordinated all the various disciplines involved. The project is great example of highly effective collaboration with a client and was completed to everyone's satisfaction.

#### ***ESA ESTEC clean room in Noordwijk***

In a project for ESA ESTEC (European Space Agency) in Noordwijk, Heijmans realised the new-build of a class 8 clean room for the testing of satellite components, consisting of an airlock, dressing room, clean room and technical spaces. Heijmans was able to make a number of important conceptual choices in the design for this project, thanks to its know-how and expertise. We translated the specifications into a single integrated design for the full scope of the building's activities, and a Heijmans project team coordinated the work of the various building flows.

#### ***BC-link at Schiphol***

The construction of the bridge between B pier and C pier is part of a major renovation and refurbishment project aimed at improving the efficiency of Schiphol airport and part of the preparation for the construction of a terminal. The construction of the B-C link opens the way for the demolition of the existing corridor, which creates space for other construction activities. As the main contractor, Heijmans' non-residential building business area was responsible for all the construction activities, but coordinated this project in the construction team. The removable bridge is 273 metres long and 16 metres wide and will be used until the planned opening of terminal A. The link is made up of eight prefab modules, which are reusable and therefore sustainable.

#### ***Droogbak in Amsterdam***

In a project commission by Allianz, Heijmans renovated the Droogbak 1a building in Amsterdam. This is a listed office building. We restored the historical façade, but we expanded and modernised all the technical installations inside the building.

### ***Ongoing projects***

#### ***Science Campus in Leiden***

Heijmans has started on the construction of the second phase of the Gorlaeus Building, a part of the Science Campus of the University of Leiden. Delivery of the new-build project for the Mathematics and Natural Sciences Faculty is planned for the end of 2023. This project represents revenue of around € 71 million for Heijmans. The new-build faculty comprises a distinctive entrance, new laboratories and lecture halls. The focus is on sustainability and flexibility.

#### ***AMC***

In the renovation project for the AMC teaching hospital in Amsterdam, Heijmans had to minimise inconvenience for both medical staff and patients, with losing sight of safety, quality and lead times. In addition to all kinds logistical solutions, Heijmans used prefab installation for the interior walls of the wards (skids), incorporating all pipelines and cables, plus we used a drilling robot. Thanks to all our efforts, we were able to cut the number of on-site hours by some 20%. In this project, we also had a robot, Shadow, roam through the AMC. This scanned the progress in that space and this matched the status in the BIM model. This is flawless at detecting whether, say, a cut-out is two centimetres too far to the right. This is a great add-on to the digital twin. From this year, we can use this system to measure progress in real time and make timely adjustments if necessary.

#### ***Services***

As a result of the Covid-19 pandemic, office buildings were used less intensively than previously. Many people worked from home. As a result, our Services department had less management and maintenance work. However, we still managed to continue this service. In hospitals and healthcare institutions in particular, we carried out a lot of extra work to support primary processes in this extraordinary period. In addition to this, we acquired new business and increased our contract-based work.

#### ***Maintenance contracts***

#### ***Amsterdam Court House***

In 2021, following a construction period of four years, we delivered the Amsterdam Court House. The NACH building consortium now has a 30-year contract for the operation and maintenance of the building. The building was voted the best building in the 'Beyond LA' category at the 2021 Los Angeles Business Council Architectural Awards 2021. The award was presented in December at the annual gala in Los Angeles.

**ASML**

In 2021, we acquired a significant new contract with chip machine maker ASML. Heijmans and ASML have entered a sustainable partnership for the integrated maintenance and management of most of the chip machine maker's Dutch production facilities. Together with three partners, we form the maintenance team. This multi-supplier model creates flexibility and provides incentives for innovation and the joint development of solutions.

**Schiphol**

Schiphol extended the long-term cooperation deal with the airport last year. As Main Contractor, we are now be responsible for maintenance assignments until at least 2025. We will do this as sustainably as possible, with a sharp focus on the reduction of CO<sub>2</sub> emissions, in part through the use of electric equipment. We are also taking steps to achieve the digital registration of the airport's physical operating assets.

**EMA, Amsterdam**

The new building for the European Medicines Agency has now been in use for two years. Heijmans and a partner are responsible for the maintenance of the building and ensuring that the EMA's operation run as smoothly as possible through 2039.

**Central Agency for the Reception of Asylum seekers North and South-East locations**

In 2021, Heijmans acquired two of five contracts with the Dutch Central Agency for the Reception of Asylum Seekers (Dutch: COA), and we will be responsible for the integrated - corrective and preventive - maintenance of the various COA locations for the next eight years. In December 2021, we were also informed that we had acquired a framework contract for four of the five parcels, for project-based work at the COA.

**Data-driven services**

Our innovations in data-driven services are highly visible on four fronts:

- Heijmans Energy Services
- Beyond Eyes
- Sustainable Service Logistics
- Internal services data science team

To support these applications, we make sure the required preconditions and infrastructure are all in place. This includes the likes of the digitalisation of primary processes, the continued development of the Beyond Eyes platform and the development of standards for the link-up of buildings to the Heijmans platform.

**Heijmans Energy Services**

In 2021, we worked on two services. The first of these services is BE Energized, a (work) environment that deals with energy both sustainably and responsibly for active energy management. This is based on information provided to clients and data reliability.

BE Energized provides insight into the energy performance of a building and helps to organise and manage energy use as efficiently as possible. Energy sensors measure energy use and the monitoring via a personal dashboard gives you real-time insight into the energy performance of your building. This gives you insight into potential savings and control of your energy use.

Heijmans Energy Model: this is a tool used for the premium level of BE Energized, which combines our energy-related expertise with data science and self-learning algorithms, which are then used to create energy-optimal buildings. This is also based on information provided to clients and data reliability.

Heijmans Energy Model is currently being used at the University of Amsterdam, the Amsterdam University of Applied Sciences, the municipality of Leusden and at insurance firm Aegon and other locations.

**Beyond Eyes**

Data-driven service provider Beyond Eyes strengthened its market position last year. On the basis of an integrated package of services, supported by smart technology (such as a data platform and sensors) and the deployment of specialists, this organisation offers insight into and the optimisation of the performance of a building. Beyond Eyes now makes a daily contribution to the creation of a healthy and productive living and working environment for thousands of users in more than 300 buildings.

Despite the limited use of workplaces in 2021 due to Covid-19, this service proved to be remarkably useful in the transition to hybrid working. New clients signed up and many existing clients showed their faith in the service by extending or expanding their contracts. For instance, following a one-year contract for Beyond Eyes, the municipality of Venlo has now extended this to three years. Since 2020, we have been using Beyond Eyes sensors to help the municipality of Venlo to gain insight into the use of its workstations and the indoor climate at three of its main locations, with around 850 workstations. Employees can see immediately which workstations are free (in line with the diary and activities on that day) or whether they can reserve one of these in the days ahead.

What is more, the dashboards in the online platform, supplemented with detailed data analysis and reports from our specialists, provide insight into actual use and the performance of the buildings. This gives the municipality the information it needs to make well-founded strategic choices about its real estate on the basis of factual data.

Heijmans will continue to develop Beyond Eyes so we can deliver even more added value to its clients and the users of buildings. For instance, last year we intensified our cooperation with Aqua Assistance. Together with this specialist in the field of Legionnaires prevention and control, we will digitalise Legionnaires control tasks or even automate mandatory flushes using sensors.

We have now implemented this new solution at the European Medicines Agency and we are in talks with several existing Heijmans clients. Together with cleaning company CSU we have taken concrete steps to serve both external clients and our own internal organisational processes on the basis of information from the Beyond Eyes data platform.

### Heijmans Sustainable Service Logistics

The logistics of people, materials, equipment and return flows required for our work have a huge impact on public spaces: more than half of the transport movements and almost a third of all traffic-related emissions in cities are related to construction and maintenance. We believe this can and must change. Heijmans Sustainable Service Logistics (formerly Smart City Logistics) is our new logistics system, which will cut the transport of materials, equipment and return flows for inner city building maintenance and building adjustments by more than 80% and make all of this 100% emission free. In December 2021, we launched this service both internally and externally. This followed a number of milestones in the course of the year, including:

- Increase in the number of 'launching customers' (now: University of Amsterdam, Amsterdam University of Applied Sciences, Dutch governments Real Estate Agency, Rotterdam city council, Leeuwarden city council).
- Increase in the number of 'live' cities (now: Amsterdam, Rotterdam and Leeuwarden, while we are ready to start in The Hague and Leiden and at Schiphol).

Heijmans Sustainable Service Logistics combines the daily transports of dozens of suppliers and manufacturers at a centrally accessible logistics hub outside the city limits. This hub acts as a logistics switching point between the so-called transfer logistics to the city limits

and the inner city 'last mile' to the work locations. From the hub, materials (sometimes combined with other transport flows, such as facilities services) are transported to the delivery / receiving addresses using emissions-free vehicles: a single transport, a single delivery per location, for everything needed that day.

### Internal services data science team

Data-driven IoT solutions are becoming increasingly important in our own business operations, but also in the collaboration with the entire chain. To extract value from data, Heijmans has a data science team with various specialists in this field. They are accelerating the rate at which we will realise our ambitions, by making our current operating process more effective and by increasing the client value of our services. Various online applications developed by the data science team deliver huge amounts of data on client and user experiences. Dashboards and monitoring systems give us the insights we need into new market and client opportunities. We use the patterns we recognise in the data immediately to make more reliable predictions. Data basically helps to make decision and work smarter. In 2021, the data science team developed the following applications:

- Client scout application: to find and evaluate leads faster.
- Area scout application: automatic and faster identification of building and development land.
- Sherlock design technology application: digital search engine library of technical drawings.
- Tender excellence application: tender analysis tool for even more reliable predictions of tender costs.

In addition, last year the data science team started various projects aimed at improving client contacts using online tools. For the same reason, we started digital marketing. Using data-driven marketing dashboards and a focus on marketing intelligence, campaigns are now driven by data from various sources for even better interaction with our clients.

### Infra

Infra is active on three main markets: Mobility & Transport, Urban areas and Energy Infrastructure. This spread forms the basis for a balanced and integrated portfolio. We develop integrated propositions throughout the chain, from design to execution and maintenance, supplemented with data-driven services.

The Infra business area can look back on an especially good year. The safety culture, client and employee satisfaction and the number of innovative propositions all improved. In addition, in 2021 Infra recorded a significant rise in revenue and profit, with more or less the same

number of people. In year in which Covid-19 once again had a clear impact, our people at Infra worked hard throughout the year. That is an enormous credit to all our Infra colleagues. Their motivation and mentality was also made visible in another, very special way last year. When Limburg was hit by floods, our colleagues gave up their own time to build dykes and other flood defences to help local residents. Heijmans is proud to have such people as part of our company.

## Developments

### *Safety*

Almost the entire Heijmans Infra business area (with the exception of Brinck) has met all requirements for level four of the Safety Culture Ladder since July 2021. This instrument to measure safety awareness, attitude and behaviour in organisations is a good match with Heijmans' ambition to make the shift to a proactive safety culture. The fact that Infra has qualified for level four clearly shows that safety is now part of the DNA of the entire organisation. The Safety Culture Ladder's certifiers said that the Infra business unit's progress up the ladder is thanks to the open and honest way safety is discussed, the commitment to raise safety awareness and ownership, all based on the clear vision of GO! Compass. Heijmans goal now is get all its business areas to level four in 2023. To this end, we are now drawing up concrete plans for the other business units, based on what we have learned from Infra.

### **Challenge: the state of our road network**

In 2021, construction sector umbrella organisation Bouwend Nederland warned about 'Belgian conditions' on Dutch roads, as the Ministry of Public Works and Waterways was not awarding enough infrastructure contracts. "To safeguard employment, a lot of maintenance was brought forward and now the 'jar' is empty. This is while other 'jars' for road building sit gathering dust", said chairman Maxime Verhagen, who has been calling for more infrastructure funding for years. Heijmans sees a solution in renovation, as this is less expensive than tearing up and rebuilding.

A large proportion of our road network, bridges and viaducts dates back to the 1960s and 1970s. They are approaching the end of their useful lives. What is more, many civil engineering structures (such as bridges and viaducts) were not built to withstand today's more intensive and heavier road traffic. This calls for decisiveness and investments. After all, good traffic flows are crucial. With this in mind, Heijmans and 25 other construction companies, local authorities and knowledge institutions published the Infra Manifest.

The signatories to this manifest also include the province of North Holland, the Rotterdam city council, TNO and TU Delft. This collective appeal states that renovation and replacement of civil structures must go hand in hand with innovation and increases in scale.

### **Four spearheads**

To respond to the climate and energy transition challenges and the need to improve the sustainability of our infrastructure, we have defined four portfolio spearhead in our portfolio strategy for the next four years:

- Growth in asset management
- Growth in technology
- Growth in energy
- Growth in medium-sized road/civil projects

### **Asset management**

As part of our new asset management contract for the central region of the Netherlands (Midden-Nederland), in September the A12 motorway between the Oudenrijn junction and Nieuwerbrug was completely closed in the direction of The Hague. In nine days, we renovated the road in close cooperation with the Ministry of Public Works and Waterways. This brief but complete closure was a major boost to the safety of this project. The brief closure prevented prolonged traffic jams and unsafe situations for road users. It also increased safety for our colleagues who were working outside. This was the successful result of an intensive preliminary phase and solid preparations with the Ministry of Public Works and Waterways.

Caretaker Infrastructure minister Barbara Visser said in the week before Christmas that she found road closures for maintenance 'the most efficient' way of working. Contractors in infra sector can take this 'brief but heavy' approach to projects for the Ministry of Public Works and Waterways. The minister said that this approach generally results in fewer traffic problems than phased maintenance. Heijmans, as a keen advocate and initiator of this method, is very happy with this statement. Safety above traffic flows, hand in hand with good communications, leads to better results under the safest conditions possible.

### **New maintenance contracts**

In the year under review, we won a number of new maintenance contracts for canals and waterways. These included a contract in Zeeland for major maintenance in the Zee and Delta-Zuid area. In the eastern part of the Netherlands, we are responsible for the maintenance of rivers and canals for the next five years.

### **Asset Life**

Infra is now using our new Asset Life service. This service visualises data on the actual status of the likes of a viaduct while this is in use. The data collected is analysed and compared with the theoretical life expectancy on the basis of the original design. This helps to identify problems and defects at an earlier stage and means maintenance can be planned and executed in a more targeted fashion. Asset Life helps us to make better data-driven decisions and control risks and costs. By extending the remaining useful life, we prevent unnecessary investment costs. What is more, that to the use of raw materials and a more efficient maintenance apparatus, we limit any environmental impact. So Asset Life also helps us to meet our sustainability goals.

### **Technology**

In 2021, we once again saw significant growth in our technical discipline and we are now making increasing use of a dynamic management system for 'hard' infrastructure – asphalt, concrete or cables and pipelines. For instance, we conduct maintenance various regions using a dynamic traffic management system. These are the boards above roads that warn drivers if there are traffic jams or accidents ahead. And in a contract for the Ministry of Public Works and Waterways, we are laying connection systems between traffic control centres and roadside systems, making links for audio and video connections. We are also using technology in the renovation of the Piet Heintunnel in Amsterdam. In addition, we do a lot of maintenance and installation of public lighting and traffic control systems. These are all relatively small projects, but they do form a very strong foundation for the business in this market. Finally: last year, we continued to expand the technology school for the internal training of technicians. Technicians can use our well-defined courses for internal growth and development in our own business school. Our technology school offers opportunities for people looking to retrain.

### **Energy infrastructure**

The demand for the transport of electricity is constantly increasing due to the energy transition, partly driven by increased generation of electricity by wind turbines and solar parks. But also because current new-build projects are fitted with smart applications and the rise in electrification in the industrial sector. So it will be a major challenge to prepare distribution networks for the future.

We applied a number of innovations immediately in the parametric design and scanning of underground spaces. One project we used this on was the adjustment of the Meeden high-voltage substation for TenneT. Over the past few years, we have also renovated almost a hundred

medium-voltage substations for Liander.

In 2021, Heijmans acquired Verbree, a specialist drilling company, to give an extra boost to our cable and pipeline laying activities and to enable us to respond to the strong growth in demand driven by the energy transition.

Under the name 'The orange carpet' (De oranje looper) we are renovating and laying cables and pipelines in the centre of Amsterdam. In a complex section of the historical city centre, with lots of bridges, we are currently laying and modernising a completely underground infrastructure system. Although a number of bridges also need to be renovated, most of our work is underground.

### **Medium-sized road/civil projects**

Heijmans has been chosen for the design, realisation and maintenance of sound barriers along the A16 and N3 roads, next to the Amstelwijck building site in Dordrecht. The sustainable screens are 'green', which will increase biodiversity in the area. The design also incorporated an ecological strip on the inner side of the screens. And the tops of the screens have been fitted with a smart irrigation system that collects rainwater for use in dry periods. The project started in mid-October and represents revenue of more than € 19 million for Heijmans.

In Eindhoven North-West, we continued the development of the ring road. We were nominated for the Concrete Prize (Civil Construction category) for the project. The jury said: "A modern version of an ancient bridge concept. To find the right curve geometry, Heijmans looked for a concept that used the minimum amount of materials as optimally as possible." Sadly, the 2021 Concrete Prize awards ceremony was postponed due to Covid-19.

In our project on Contactweg in Amsterdam, we installed a dividing wall in an underpass that consisted of 75% recycled concrete. The secondary raw materials came from the Buiksloterham project, also in Amsterdam. This was part of a pilot project initiated by the Amsterdam city council, ProRail and Heijmans. This partnership is a significant step towards a sustainable concrete chain. The combination of secondary cement and recycled sand and gravel made this project on the Contactweg a first. Never before has such a high percentage of recycled cement been used in reinforced concrete. This project is expected to result in a 27% reduction in CO<sub>2</sub> emissions and a 26% lower environmental costs indicator score.

### **Sustainable equipment**

With a view to reducing CO<sub>2</sub> emissions, Heijmans has invested heavily making its equipment more sustainable. This includes both small and large equipment.

We will continue with these investments in the coming year. In the fourth quarter of 2021, we announced that we were investing in making the transport of asphalt more sustainable through an investment in Millenaar & van Schaik. This firm wants to play a leading role in the transition from fossil fuels to sustainable transport and innovates constantly on this front. In addition to the fact that all Millenaar & van Schaik lorries run on environment-friendly diesel (HVO), in 2022 the transport company will start using the first tippers powered by liquid hydrogen. On top of this, the company has teamed up with Volvo to develop a new five-axle lorry, which is smaller than traditional lorries but has a very similar load capacity, which will have a positive impact on the environment.

### ***Sustainable business park***

Sustainability and circularity are important elements in the realisation of the Distripark business park in Dordrecht. The whole site is natural gas free: energy is delivered by four wind turbines, a solar park and a liquid hydrogen facility. The logistics companies based at the park are all BREEAM certified. The Heijmans cranes being used at the site are all powered by HVO diesel, which reduces CO<sub>2</sub> emissions considerably. The foundations of the internal roads are circular, as they are made of milled material from other projects in the neighbourhood. On this project, sustainability goes way beyond technology: nature is being given a prominent role at this site. It will have a buffer zone with islands where nature and animals will have all the room they need to thrive. And it will have a wall for nesting sand martins.

### ***Sustainable innovations***

We successfully installed fauna passages on the Ede – Grijsoord stretch of the A12 motorway. This had a spectacular impact on both the northern and southern sides of the motorway, where various reptiles have already been spotted. At Monnikenberg on the A27 motorway, we developed a special space for all kinds of animals. The Ministry of Public Works and Waterways has agreed to help fund the monitoring of this area for the next few years. The data collected via sensors and cameras on ecodeucts have shown that biodiversity is actually increasing. At Hilversum, also on the A27 motorway, the overpass has been a resounding success and is now being used by more and more animals.

## **Large number of projects satisfactorily delivered in 2021**

### ***A1 at Twello***

In September 2021, Heijmans delivered the widened A1 motorway at Twello. In a project commissioned by the Ministry of Public Works and Waterways, we widened more than 40 kilometres of motorway between Twello and Azelo in both directions. This included adjustments to viaducts, bridges and tributary roads. During the execution of this project, Heijmans installed new portals along the entire stretch of road. These can be used as part of the local traffic control systems.

### ***Quebec project at Schiphol***

In December 2021, Heijmans delivered the impressive Quebec project at Schiphol: an additional viaduct for aircraft over the A4 motorway, built to relieve the load on the current viaduct. Aircraft can now use this double-runway system to access the runways on the western side of the motorway. Structure monitoring was just one of the services we provided on this project. This enabled us to monitor the settling of the existing viaduct as a result of the construction of the new viaduct and estimate the remaining life of the viaduct more accurately.

### ***Reinforcement Lauwersmeerdijk***

In October 2021, we completed and delivered the project to reinforce the Lauwersmeerdijk (a dyke) in the province of Groningen. We installed new cladding in a 4.4 kilometre stretch of the dyke, together with a new profile aimed at mitigating the impact of climate change. This project was part of the national Flood protection programme.

We also delivered major renovation projects on the A6 (Flevoland) and A79 (Limburg) motorways. One of these projects involved closing the A79 between Heerlen and Hulsberg for through traffic. In this project, for the Ministry of Public Works and Waterways, Heijmans worked on the creation of a safer and quieter road by laying new asphalt. The biggest challenge in the maintenance of the A79 was not so much laying 18 kilometres of new and quieter asphalt, as it was everything alongside the motorway. It is land full of archaeological treasures, potentially unexploded bombs and some rare animal species.

### ***Close partnerships***

In an increasing number of projects, we work in construction teams or in alliances with other parties. For instance, we have formed an alliance with Amsterdam city council and Yunex Traffic for the renovation of the Piet Hein tunnel. This project will tackle all the tunnel-related

technical installations and a number of civil engineering works. We are using an interactive digital twin for this project. This enables us to test all systems before the physical installation in the tunnel.

We are also part of an alliance for the dyke reinforcement between Gorinchem and Waardenburg. In a project commissioned by the Rivierenland water board, we are reinforcing 12 kilometres of dyke. It is a complex job involving ribbon building, and where every metre is different.

Over the past few years, we have built up a strong partnership with Schiphol airport. In the first half of last year, we delivered the renovation of the Polderbaan runways to the airport's satisfaction. On this project, we used innovative asphalt. This assignment also included a number of technical components, both for the lighting and the aircraft signalling system.

### **Heijmans Energy**

As the creator of a healthy living environment, Heijmans want to contribute to the energy transition. The government wants the Netherlands to be CO<sub>2</sub> neutral in 2050. Over the past year, it has become even clearer that the energy transition is also an essential part of the built environment. Everyone will have to make their own contribution to this. By combining know-how and strengths, both inside and outside Heijmans, the Heijmans Energy team is taking the lead on this front. We set up this team in 2020 to help accelerate the pace at which the built environment in the Netherlands can be made energy neutral. Heijmans sees the energy transition as an integrated task, that will have to combine expertise in area development, the realisation and renovation of the built environment and energy infrastructure.

Our organisation has all of these forms of expertise in house, and thanks to our innovation potential and our scale, we can actually help to make the Netherlands energy neutral sooner. Heijmans focuses on the development, realisation and operation of sustainable energy systems and looks at these through the eyes of end users. Given the sustainability ambition of making all the homes in the Netherlands gas free in 2050, we are facing a huge challenge in terms of both existing and new-build homes. Additionally, increasing electrification driven by transport and heat pumps, plus the constant rise in the production of sustainable energy, we are seeing a sharp rise in the demand for decentralised energy systems for heating, cooling and electricity, with both affordability and sustainability becoming more important themes by the day. Heijmans focuses on integrated sustainable

energy systems that aim to integrate the energy system and the area, as we will only be able to meet the challenges of the energy transition with a comprehensive approach.

Following the start-up in 2020, last year we started the first two Heijmans Energy projects.

#### ***Kade Zuid in Zutphen***

For the Kade Zuid project in Zutphen (a development of Heijmans Property development with 150 apartments), we developed a sustainable thermal storage system. This provides the apartments with sustainable heating and cooling. In addition to the collective source, every home is fitted with its own heat pump. We will operate the system developed and realised for this project for 30 years, together with Econic. Execution started in April 2021.

#### ***Puur 21 in Zutphen***

For the Puur 21 project in Zutphen, we are set to realise an individual energy system, consisting of a ground heat exchanger and heat pump, for 77 houses. Work on this project started in November 2021.

In addition to these projects, in 2021 Heijmans Energy filled its order book and we started product development to arrive at standardised – and so scalable – energy concepts. The first concept was developed for the property product range of Heijmans Property development. This led to the acquisition of seven new projects, with a total volume of 984 homes. Work on these projects is set to start in 2022.

Our start on the standardisation of energy concepts has laid the foundation for further growth in 2022, as well as for the prospects of acquiring a significant position in the market outside Heijmans.



# Waterworks

Bridges, locks, weirs and waterways are of enormous economic importance in the Netherlands. They have to operate 24/7 seven days a week and so they always have to be in tip top condition. To make sure this happens, Heijmans maintains a wide range of waterways, from the high north to the far south of the country. A bird's-eye view of several waterways. Heijmans and Dynniq HLD won the contract to maintain a large number of assets along the main Lemmer-Delfzijl waterway for the next five years. This waterway criss-crosses the provinces of Friesland and Groningen, taking in 13 municipalities and three waterboards via three interlinked canals: the Prinses Margriet canal, the Van Starckenborgh canal and the Eems canal.

On top of this, the Ministry of Public Works and Waterways has commissioned Heijmans to repair the levelling sliders on the Belfeld and Sambeek locks in the province of Brabant. The lock complexes, built at the end of the 1920s, were malfunctioning. Several sliders in the lock gates that regulate the filling and emptying of the lock chambers were not functioning properly. Project leader and contract manager Mark van den Hurk: "We are working on a total of 52 levelling sliders and cylinders and repairing six lock gates, two for each of the three chambers. First we lift the lock gates out of the water and spray clean them and once that's done, we strip them down and reassemble them. Then we apply a coating that protects them against rust and test whether the plates are working while they're still on dry land. Once they've been reinstalled in the lock, we test them again."

**Mark van den Hurk**, project leader



Read the interview  
at [heijmans.nl](https://www.heijmans.nl)







## 12

# Financial results

## Revenue and underlying EBITDA

Heijmans can look back at good underlying performances in 2021 and a net result that increased by 25% to € 50 million. Heijmans as a whole recorded revenue of € 1,748 million in 2021, roughly the same as in 2020 (€ 1,746 million). This was higher than expected, because Infra saw its revenue increase by 11%, when we were expecting a decline. Building & Technology saw its revenue decline due to fewer non-residential projects and a cautious acquisition policy. Our property development and residential building operations showed growth as expected, primarily as a result of rising housing prices.

Underlying EBITDA improved strongly and came in at € 106 million in 2021, compared with € 85 million the previous year. Underlying EBITDA improved in all sectors, both in terms of absolute numbers and in terms of margins. Infra performed particularly well, because this margin growth was paired with our precautionary measure of recognising a provision of € 34 million on the Wintrack II project in the first half of the year. Excluding this provision, Heijmans recorded a strong rise in EBITDA margin, both as a result of very strong project results, with no loss-making projects, and coverage results driven by rising revenues.

Heijmans aims for an underlying EBITDA margin of 4% to 6% for all its production or construction activities, and 6% to 8% for its property development activities. In 2021, all activities performed within these target margins, with Infra clearly at the top, as a result of excellent project results without any materially loss-making projects. In recent years, we have increasingly managed to make sure we are in control of projects, improving bottom line results and increasing predictability.

Revenue in € mln.	2021	2020	Difference
Property Development	548	482	14%
Building & Technology	789	920	-14%
Infra	738	662	11%
Elimination	-327	-318	
<b>Total revenue</b>	<b>1.748</b>	<b>1.746</b>	

Underlying EBITDA in € million	2021	2020
Property Development	36	30
Building & Technology	34	25
Infra	41	37
Group	-5	-7
<b>Total underlying EBITDA</b>	<b>106</b>	<b>85</b>

In operational terms, Heijmans felt the impact of Covid-19 right across the organisation and at our project locations. Despite this, we did not have to close down any projects and the impact on our financial results was marginal. There were certainly financial disadvantages on certain fronts as a result of tightened measures, but there were also benefits. For instance, because our building sites were easier to access.

### Operating result

The operating result (EBIT) came in at € 55 million in 2021 (2020: € 56 million). The operating result was influenced to a limited extent by restructuring costs (€ 3 million) due to qualitative adjustments to the organisation. In addition, Heijmans regularly evaluates its real estate and land holdings based on the applicable reporting guidelines. In 2021, this resulted in value adjustments of € 3 million divided across a number of holdings for which the underlying development plans

have been delayed or are now seen as less promising than originally thought.

The slightly lower operating result combined with the higher net result was due to a result from joint ventures, which was substantially higher than the previous year. After all, results from joint ventures are not consolidated for accounting purposes. Given that Heijmans counts results from joint ventures as a core activity, this impact is included in the underlying result. The result from joint ventures did come under downward pressure in 2020, due to loss-making work in one consortium (New Amsterdam Court House), while this joint venture had a positive impact on profit development in 2021.

The operating result can be broken down as follows:

Operating result in € million	2021	2020
Underlying EBITDA	106	85
Correction EBITDA result of joint ventures	-11	10
Write-down of real estate and land holdings	-3	-2
Restructuring costs	-3	-3
<b>EBITDA</b>	<b>89</b>	<b>90</b>
Depreciation / amortisation	-34	-34
<b>Operating result</b>	<b>55</b>	<b>56</b>

### Financial income and expenses

Financial income and expenses can be broken down as follows:

Financial income and expenses in € million	2021	2020
<i>Interest income</i>	1	1
Financial income	1	1
<i>Other interest expense</i>	-7	-8
Interest expense	-7	-8
Balance	-6	-7
Capitalised interest	1	2
<b>Financial income and expenses</b>	<b>-5</b>	<b>-5</b>

The balance of financial income and expenses was minus € 5 million in 2020 (2019: minus € 5 million). Both interest income and expenses were comparable to the previous year and the syndicated loan was unused throughout 2021. Credit Interest expenses came in higher as a result of higher cash balances and negative Euribor interest rate applied to these balances. Interest expenses consist of project financing, capitalised fees and the cost of keeping credit available, negative interest rates on cash balances and interest charges on lease obligations as a result of the implementation of IFRS 16 Leases. Interest income relates to loans issued.

### Result from associates

The (net) result from associates deviates relatively strongly from the adjusted result (EBITDA) joint ventures due to the fact that the AsphaltNu joint venture was subject to depreciation of € 5 million. This joint venture incorporates the jointly held asphalt plants of Heijmans and Royal BAM Groep N.V. This depreciation was due to changes in the financial outlook, as this joint venture will now require additional investments before it can recycle asphalt according to prevailing standards, after the plants exceeded benzene emissions standards.

### Taxes

The tax rate was 8% in 2021, much lower than the nominal tax rate of 25%, but significantly higher than in 2020 (0%). This was largely related to Heijmans' increased profitability and outlook for the years ahead, due to which previously unrecognised tax losses from the past have now been recognised. The impact of this was € 11 million. Following this upward revaluation of tax assets, the remainder of the unrecognised losses is limited (€ 19 million, with a potential rounded-off valuation impact of € 5 million). Heijmans therefore expects the tax rate to trend upwards, ultimately to the nominal tax rate, which is 25.8% from 2022 onwards.

### Net profit, cash flow and dividend

The net profit for the full year 2021 came in at € 50 million, a rise of 25% compared with 2020, when Heijmans recorded net profit of € 40 million. The rise in net profit was in line with the rise in underlying EBITDA, while it was dampened somewhat due to the fact that Heijmans paid no tax for the full year 2020. Cash flow was also strong again in 2021. In addition to the strong financial performance, Heijmans' operating cash flow was driven by strong working capital development, while the collection of receivables and work in progress remained at a good level, although we did see a marked decline in property-related inventories. Heijmans' net debt improved by € 54 million in 2021 (2020: € 67 million) to a net cash position on balance of € 91 million.

As a result of its strong operating cash flow, Heijmans made no use of its syndicated loan in 2021. Heijmans solvency has improved over the past few years, despite the introduction of IFRS 15, IFRS 16 and the buy-in of its pension fund, and stood at 30.1% at year-end 2021. In view of the company's strong balance sheet ratios, Heijmans has decided to propose a dividend payment of € 0.88 per share. This corresponds with 40% of the realised net profit and is therefore in line with the intended pay-out ratio stated in Heijmans' dividend policy. Shareholders will be offered the choice between payment in the form of a stock dividend or a cash dividend.

### Equity and financing

The condensed statement of financial position as at 31 December on the basis of invested capital can be broken down as follows:

Condensed statement of financial position in € million	2021	2020	Difference
Non-current assets	343	333	10
Working capital	-77	-102	25
<b>Invested capital</b>	<b>266</b>	<b>231</b>	<b>35</b>
Equity	268	226	41
Provisions	89	42	47
Net interest-bearing debt	-91	-37	-54
<b>Financing</b>	<b>266</b>	<b>231</b>	<b>35</b>

It is clear that the improvement in the net interest-bearing debts was primarily due to increase in equity and the (non-cash) provisions. The various key components of the statement of financial position are explained in more detail below.

## Capital invested: fixed assets

Fixed assets can be broadly broken down as follows:

Non-current assets in € million	2021	2020	Difference
Property, plant and equipment	59	45	14
Usage rights leased assets	74	82	-8
Intangible assets	74	75	-1
Other non-current assets	136	131	5
<b>Book value non-current assets</b>	<b>343</b>	<b>333</b>	<b>10</b>

Property, plant and equipment pertains primarily to buildings and sites, machines, installations, large-scale equipment and other property, plant and equipment. In the year under review, investments amounted to € 26 million (2020: € 16 million). In addition to regular replacement and expansion investments in equipment related to our continued sustainability drive, Heijmans also invested in the acquisition of a specialised drilling company Verbree and the acquisition of IIBO's timber frame production facility. The other fixed assets are largely related to Heijmans' participations in joint ventures.

## Capital invested: working capital

Working capital stood at -/- € 77 million at year-end 2021 (2020: -/- € 102 million). The working capital utilisation of Heijmans' building operations (i.e. the non-property development-related activities) is primarily driven by the speed of invoicing, as well as the speed at which outgoing and incoming invoices are paid. It is possible to ascertain the speed of invoicing from the item 'work in progress', which is found on both the asset and liabilities sides of the balance sheet. If this shows a credit position – on balance – this indicates that projects are pre-financed by clients across the entire Heijmans group. This is something Heijmans expressly strives for during order intake and Heijmans achieved a pre-financed position for the full year 2021. Total pre-financing increased by € 6 million and Heijmans remains – on balance - pre-financed at an acceptable level. Over the past few years, the average receivables term has been shortened considerably and this effect was also visible in 2021. Receivables increased by € 38 million, although this effect was not directly visible in the end of year balance. We also expect the negative Euribor on bank balances to play a role on this front, as clients are increasingly paying more quickly than the agreed payment term. Outstanding payables declined by € 23 million. Heijmans' inventories (land combined with homes under construction) declined by

€ 30 million, which is explained in more detail below.

The composition of working capital can be broadly broken down as follows:

Working capital in € million	2021	2020	Difference
Strategic land holdings	108	126	-18
Residential properties in preparation and under construction	63	72	-9
Other inventory	14	17	-3
Work in progress	-110	-104	-6
Accounts receivable	179	141	38
Payables	-331	-354	23
<b>Working capital</b>	<b>-77</b>	<b>-102</b>	<b>25</b>

Although working capital fluctuated a good deal in the year under review, over the past few years Heijmans has managed to make its activities and the concomitant impact on working capital less season-dependent and volatile. Heijmans' working capital requirements are largely project specific and related to our clients' payment schedules. The seasonal influences in the construction industry are due to higher activity levels in the second and fourth quarters (largely on account of lower production during the winter and summer months), as well as a higher level of notarial transfers and claim settlements/settlements of extra work prior to balance sheet dates. Higher capital requirements in the course of the year result in higher capital utilisation, which Heijmans supplements if this proves necessary by making use of a revolving credit facility.

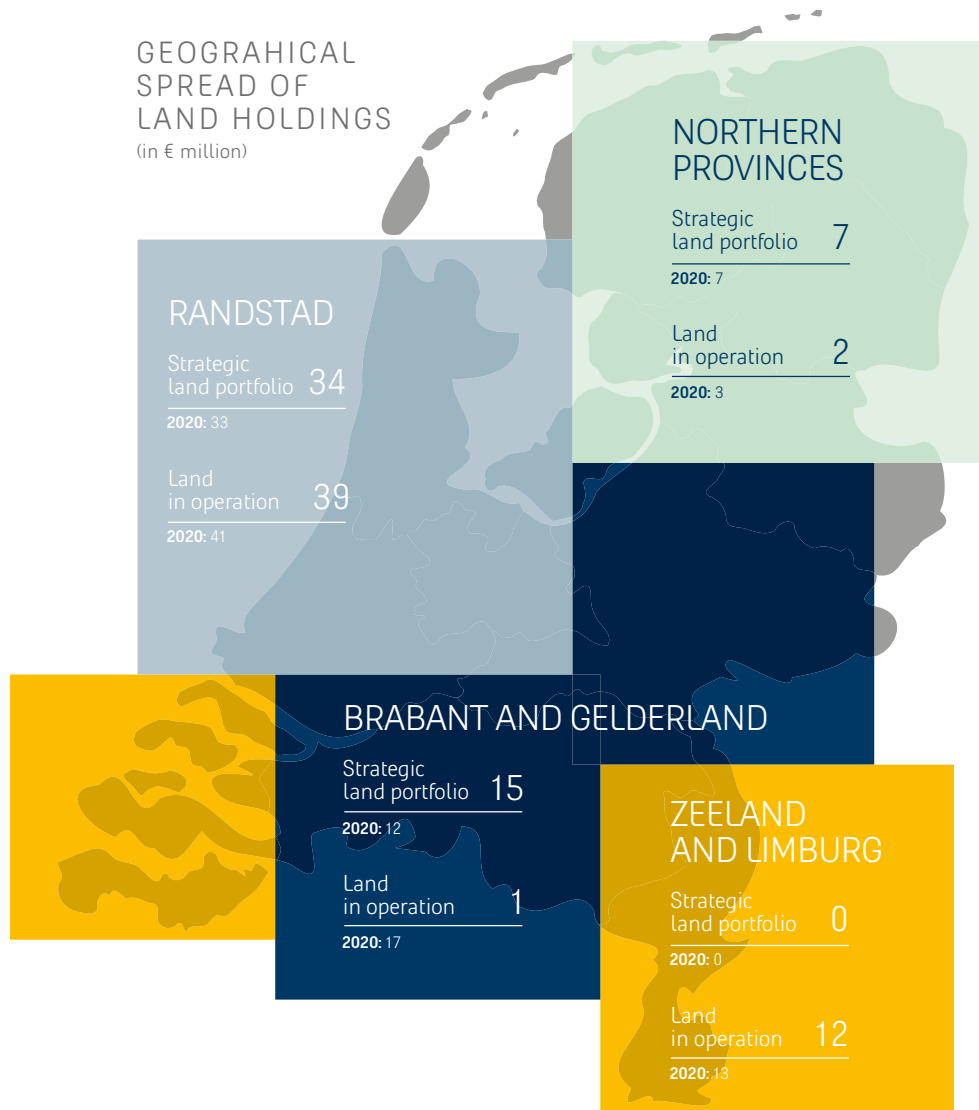
## Inventory position Property Development

In our Property Development activities, working capital utilisation is affected significantly by our land holdings, including land in development, which are recognised under inventories. Total inventories at Property Development declined by € 30 million in 2021. In addition to this, the land holdings in our land bank declined by € 18 million. Within the land bank, our strategic land holdings increased slightly to € 55 million from € 52 million. Meanwhile, the land in operation declined to € 53 million, from € 74 million, largely due to the solid progress in projects.

The inventory position of Property development consists of both ownership positions and development rights. These development rights consist of both conditional and

unconditional obligations. These liabilities declined by € 31 million to € 105 million in 2021. A total of € 19 million of these liabilities were unconditional, while the other liabilities are frequently subject to the condition that land only has to be purchased once a certain sales percentage has been realised.

Land holdings per type of holding can be broken down as follows:



### Financing: equity

In the year under review, equity increased by € 41 million to € 268 million. In addition to the addition of the realised net profit of € 50 million to reserves, equity declined by € 4.6 million as a result of adjustments to actuarial results, with concomitant tax effects, which are recognised directly through equity. In addition, in April 2021, Heijmans issued € 3 million in ordinary shares and placed these with the holders of the cumulative preference shares B as a result of the agreement to distribute the dividend coupon on these preference shares in the form of ordinary shares and to subsequently use the cash savings to redeem the cumulative preference shares B.

Finally, equity declined € 7.6 million as a result of the payment of a cash dividend in April. The remaining part of the total dividend pay-out amounting to € 16 million was paid out in the form of a stock dividend.

The composition and movements in equity can be broadly broken down as follows:

Changes in equity in € million	2021	2020	Difference
Result after tax	50	40	10
Changes in pension valuation	-7	2	-9
Tax effect of results recognised in equity	3	3	0
Dividend payment	-8	0	-8
Issuance of shares	3	3	0
<b>Changes in equity</b>	<b>41</b>	<b>48</b>	<b>-7</b>

Solvency on the basis of the guaranteed capital, defined as the equity plus outstanding cumulative preference share capital, stood at 30.1% at year-end 2021 (2020: 28.8%), largely as a result of the positive net result.

The cumulative preference shares B are counted as part of the guaranteed capital, which was therefore € 31 million higher than the reported equity at year-end 2021. The balance sheet total rose to € 991 million from € 931 million, largely because the net cash position increased again. This meant that the rise in the net cash position had a dampening effect on solvency. For 2021, Heijmans proposes to pay out a dividend of € 0.88 per share from its profit in the form of an optional dividend. This puts the proposed dividend in line with our dividend policy, which equates to a pay-out ratio of 40%.

Amounts in € million	2021	2020	Difference
Equity	268	226	41
Cumulative preference shares	31	42	-11
<b>Guaranteed capital</b>	<b>298</b>	<b>268</b>	<b>30</b>
<b>Total assets</b>	<b>991</b>	<b>931</b>	<b>60</b>
<b>Solvency</b>	<b>30%</b>	<b>29%</b>	

### Financing: net interest-bearing debt

The net cash position rose to € 91 million in 2021, from € 37 million at year-end 2020, on balance an improvement of € 54 million. Apart from the cumulative preference shares B and a number of project financing agreements, Heijmans had no loans outstanding at year-end 2021. However, since 2019 (introduction of IFRS 16) leases have been recognised as debt. These had an impact of € 74 million at year-end 2021. For the calculation of the so-called recourse net cash position, which serves the basis for Heijmans' covenant agreements with its banks, see section 6.21 of the financial statements.

Interest-bearing debt in € million.	2021	2020	Verschil
Non-current	95	115	-20
Current	24	23	1
Gross debt	119	138	-19
Cash and cash equivalents	-210	-175	-35
<b>Net debt</b>	<b>-91</b>	<b>-37</b>	<b>-54</b>

### Syndicated loan 'greened' and extended to year-end 2025

In April 2021, Heijmans and the syndicate of banks, consisting of ABN Amro, ING and Rabobank, decided to adjust the existing syndicated loan on a number of points and to extend it to year-end 2025, with the option to extend the financing for an additional year. On the basis of its improved operational performance and solvency, Heijmans managed to improve the financing agreement on various points and to get a commitment for a period of five years. The applicable interest rate is now also linked to a number of sustainability targets. In effect, Heijmans is raising its sustainability ambitions by committing to annual improvements on fronts such as CO<sub>2</sub> emissions and safety. The financial covenants were adjusted to bring them more in line with current reporting standards and the system prevalent in the construction industry. As IFRS 16 Leases in particular has a substantial impact on our figures, the covenant levels were adjusted to take this into account where necessary. Finally, the package of sureties was once again re-examined and eased.



The primary adjustments to the syndicated loan can be broken down as follows:

- The committed amount was lowered slightly to € 117.5 million from € 121.4 million, with € 20 million of this is in the form of a current account facility.
- The term of the loan was extended through 31 December 2025 and includes an option to extend to year-end 2026.
- The interest margin now linked to the outcome of the leverage ratio. This was previously linked to the outcome of the average leverage ratio, which is no longer the case. The loan is subject to a margin grid of 170 – 270 basis points. If the leverage ratio is lower than 0.5, the loan is subject to the lowest level, which has been the case since the effectuation of the transaction. It should be noted at this point that as long as Heijmans does not draw on the facility, it only has to pay a commitment fee.
- The margin grid is linked to a bonus malus system of plus or minus five basis points on the basis of four sustainability criteria. In effect, Heijmans is raising its sustainability ambitions by committing to annual improvements in terms of the quantity of emissions (CO<sub>2</sub> emissions), the number of accidents (lower IF figure), average CO<sub>2</sub> emission of delivered homes and the percentage of share of electric cars in the total car fleet.
- With the exception of the score on the criterion safety, Heijmans met all other targets in 2021, as a result of which the margin was lowered by five basis points for 2022.
- With respect to equipment and intellectual property rights and/or brand names, the new agreement resulted in the release of the vested sureties, which improves Heijmans' operational flexibility. The other sureties, including pledge of receivables, the 100% bank accounts and several existing land holdings (with a carrying value of € 36 million) remained vested in favour of the financiers.
- The financial covenants are now measured on the basis of the reported figures, taking into account IFRS 15 and IFRS 16, to make these more compatible with the reported figures. However, figures will still be adjusted for IFRS 11, which means that a non-equity method will be used for joint ventures, but consolidation will proportionate.

Heijmans easily complied with all covenants in 2021. For a more detailed explanation of the covenants: see section 6.21 for a breakdown of calculation method, as well as the comparative figures.

## Cumulative preference shares B

In its financing structure, Heijmans N.V. makes use of € 30.8 million in cumulative preference financing shares B, placed with the investment fund De Zonnewijser and Nationale Nederlanden Levensverzekering Maatschappij N.V. The agreement with the holders of the cumulative preference shares stipulates a review of the dividend coupon every five years, which last happened on 1 January 2019. Since then, the annual dividend has stood at 7.21% of the principal sum.

There is no contractual repayment obligation attached to the cumulative preference financing shares B, except in the following instances:

- As soon as Heijmans resumes dividend payments on ordinary shares, half the amount paid out on ordinary shares will be paid as a repayment of the share premium reserve on the cumulative preference financing shares B.
- Heijmans will ask the General Meeting of Shareholders each year to authorise Heijmans' Executive Board to issue a maximum of 10% of the outstanding (ordinary) share capital, in line with recent years. Using this mandate, Heijmans will pay out the newly agreed dividend coupon on cumulative preference shares in the form of ordinary shares at market price, with the resultant cash savings to be used to repay the outstanding capital of the cumulative preference shares B. The repayment element will therefore not impact the guaranteed capital and will have no net cash impact.
- As soon as the solvency based on the guaranteed capital exceeds 30% (as reported in the annual report in each future year) and Heijmans elects to pay a dividend in respect of the relevant year, Heijmans will make an additional repayment in the form of a repayment of share premium reserve on the cumulative preference shares B in the amount of the dividend payable from the previous year.

In the event that the total repayments result in a 50% reduction of the current issued capital of the cumulative preference shares B (i.e. the issued capital is reduced to below € 22,550,000) as at 1 January 2019, an automatic discount of 100 bps will apply to the dividend coupon. In other words, the annual dividend coupon will be reduced to 6.21%. In the event of the above-mentioned repayments, each year on 30 June, the voting rights of the cumulative preference shares B will be adjusted to reflect the pro rata impact on capital ratios.

On the basis of the above agreements, Heijmans made a payment of € 11.1 million in the form of a repayment on the share premium reserve. As a result, the outstanding capital is € 30.7 million and the voting ratio has been adjusted (for a more detailed explanation, see The Heijmans Share chapter). Based on the dividend proposal for the 2021 financial year, and conditional on the AGM approving the dividend proposal and the share issue mandate, Heijmans expects the cumulative preference shares B to decline by € 15 million in 2022, with € 2.5 million of this decline the result of the repayment ensuing from the issue mandate and € 10 million the result of 50% of the dividend proposal of € 0.88 per share and € 2.5 million due to the fact that solvency was higher than 30% at year-end 2021. Following the effectuation of these repayments - expected in April 2022 – the dividend coupon on the remaining outstanding amount will drop to 6.21% from 7.21%.

## Cash flow

The condensed statement of cash flows, based on the indirect method, is as follows:

Cash flow in € million	2021	2020	Difference
EBITDA – underlying	106	85	
Restructuring expense	-3	-2	
Interest paid/received	-4	-3	
Income tax	0	0	
Movement in working capital and other	10	48	
<b>Cash flow from operations</b>	<b>109</b>	<b>128</b>	<b>-19</b>
Investments in property, plant and equipment	-1	-12	
Investments in intangible assets	-26	-16	
Proceeds from sale of property, plant and equipment	3	1	
Capital issued/repaid and loans granted to joint ventures and associates	-8	-6	
<b>Investment cash flow</b>	<b>-32</b>	<b>-33</b>	<b>1</b>
Dividend paid	-8	0	
Correction due to transfer into new collaboration	0	-7	
Correction IFRS 16	-15	-21	
<b>Movement in net debt</b>	<b>54</b>	<b>67</b>	<b>-13</b>

## Order book

The order book for the Heijmans group as a whole stood at € 2,061 million at year-end 2021 (year-end 2020: € 1,946 million). This increase was driven entirely by Property Development and its related residential building activities. The order book for Infra and non-residential projects remained at a stable level. The quality of the order book also remained stable, and the absence of any loss-making projects gives us a solid foundation for 2022.

As Heijmans has focused less on large, integrated projects in recent years, the structure of the order book has become somewhat more short-cyclical. As a result, the visibility of the years after 2022 in the order book has diminished slightly. At the same time, we saw a continued increase in the number of maintenance contracts and asset management projects, which has increased the share of recurring business.

Significant new projects in 2021 included the revitalisation of Rabobank's head office in Utrecht, the renovation of the Binnenhof (Houses of Parliament), the Ministry of Public Works and Waterways contract for the replacement of the traffic systems and lighting for the ministry's central and southern regions of the Netherlands, the construction of 400 to 500 standardised government-regulated rental homes in the Eindhoven region and the second phase of the Science Campus of the University of Leiden.

Order book in € million	31-12-2021	30-06-2021	31-12-2020
Property Development	595	571	540
Building & Technology	1.224	1.181	1.101
Infra	712	750	731
Eliminations	-470	-464	-426
<b>Order book</b>	<b>2.061</b>	<b>2.038</b>	<b>1.946</b>

## Outlook

Heijmans expects to record slightly higher revenue in 2022. We are expecting to see growth at Property Development and Building & Technology, but as a result of the reduced level of major infrastructural projects, we expect revenue to decline slightly at Infra. In addition, we expect underlying EBITDA to come in at a comparable level to 2021. With a well-distributed order book at a stable level of € 2.1 billion, Heijmans is once again in good shape for 2022.

The most important factor in the period after 2022 is whether we see ambitious government plans translated into concrete measures. This applies to both the nitrogen emissions problem (which primarily affects the infra sector) and the designation of new out-of-town development areas for new homes (which is relevant for our residential building and property development activities). The government has made a great deal of funding available for the energy transition and for society-wide measures to increase sustainability. The main challenge now is to add action and decisiveness to these financial resources.

At an underlying level, the outlook for our sector remains good, but we do need more concrete government measures to keep the supply of work in our sector at a stable level and to make sustainability investments profitable. While the sharp rise in raw materials prices and the continued high demand for labour are significant points of attention, thanks to our stable order book and selective acquisition policy, we believe we will be able to respond to these developments while retaining our margins.

Heijmans remains in an excellent position to respond to growth markets, such as the renovation and maintenance markets, the housing market and the flood protection market in Infra, plus the energy transition, which will have a major impact on all sectors. By making our clients / home users central to everything we do, Heijmans is focusing on markets in which it can deliver the greatest added value, and by doing so optimise its margin potential in the future. This could include the likes of continued digitalisation of the construction process and the application of related revenue models such as data-driven services. But also the continued expansion of Heijmans' in-house production in the form of timber frame homes, a path we took the first steps on in 2021 with the acquisition of our own production facility. The more capacity utilisation increases beyond 2022, the greater the role timber frame construction will play in both improved margins and more affordable homes, but until that time the impact of this activity on our margins will remain marginal.



# “Using your expertise to add value”

In the three years I've been with Heijmans, I've put on my entrepreneurial cap and gone off on a search to find out where I can add the most value. You get that kind of freedom at Heijmans. I'm always on the look-out for people who energise you and places where I can use my expertise to help. What I've developed most at Heijmans are soft skills: what steps do you need to take to achieve your goal, who do you need for that, what are the right conditions for success and how do you get people on board? I've learned a lot on those fronts. Although you have to formulate your own request and find the right colleagues to help you, at Heijmans you get all the help you need. What's more, you're given plenty of room to find help and inspiration outside Heijmans.

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**Roos Godefrooij (28)**  
business developer



## 13



# Corporate Governance

## 13.1 Report of the Supervisory Board

The Supervisory Board has taken note of the report of the Executive Board for the 2021 financial year. The financial statements have been audited by EY (Ernst & Young Accountants LLP), which issued an unqualified auditor's report on 25 February 2022. The auditor's report has been added to the financial statements to the Heijmans 2021 annual report as appendix 16.4. We recommend that the General Meeting of Shareholders adopt the 2021 financial statements and discharge the members of the Executive Board for their management of the company. We approve the Executive Board's proposal to pay out a dividend of € 0.88 on (depository receipts for) ordinary shares for 2021.

### Position and key developments 2021

#### Role and powers of the Supervisory Board

The Supervisory Board supervises the strategy of the Executive Board and the general course of business at the Company and its affiliated enterprise and provides the Executive Board with advice. The Supervisory Board also focuses on the effectiveness of the Company's internal risk management and control systems and the integrity and quality of its financial reporting. In the performance of its duties, the Supervisory Board acts in the interests of

the company and its affiliated companies and in doing so takes into account the legitimate interests of the Company's stakeholders. The Supervisory Board also takes into account the social aspects of business operations that are relevant to the Company. The Articles of Association of Heijmans N.V. and the Regulations for the Supervisory Board of Heijmans N.V. include rules with respect to board meetings and resolutions. Both of these documents are available on the Heijmans N.V. website in the section 'Corporate Governance: Codes, Articles of Association and Regulations'.

### Specific areas of supervision

The Supervisory Board's supervision of the Executive Board includes aspects such as how the Executive Board executes the strategy with a view to (long-term) value creation, the realisation of goals, the risks associated with business activities, the structure and operation of the internal risk management and control systems, the process of financial reporting, compliance with legal and regulatory requirements, shareholder relations (for more on this subject see chapter 13.2 'Corporate Governance' and other sections of this annual report), the activities of the Executive Board with respect to the culture within the company, the operation of the reporting procedures related to abuses and irregularities and the social aspects of business operations that are relevant to the Company.

### Accents and activities in 2021

#### Covid-19

In 2021, the world was once again gripped by the Covid-19 pandemic, which affected every section of society. In 2020, following the outbreak of the pandemic, Heijmans' focus was on the health and safety of the employees who continued to work, both at its building sites and at home. Of course, the Company also devoted attention to the financial consequences of Covid-19. In early 2021, the Company and its employees proved they were able to continue their work – with the required measures in place – despite the Covid-19 pandemic. And the Company and its employees proved to be both flexible and resilient, as they completed another highly successful year in 2021.

In view of the financial results in 2021, the Executive Board proposes to pay out a dividend of € 0.88 per (depository receipt for) ordinary share. The Supervisory Board has approved this proposal.

#### Result development

In 2021, the Executive Board continued to build on the improvement in its working capital, of capital ratios and the robust expansion of its risk management systems.

The Supervisory Board monitored the efforts of the Executive Board, and provided the management with support on this front. Furthermore, the Supervisory Board continued to devote constant attention to the 'focus, discipline and excellence' programme. The 'margin over volume policy', the continued professionalisation of the organisation and improvements to the company's internal processes were also discussed extensively in the meetings of the board. The Executive Board also frequently consulted the Supervisory Board on safeguarding a healthy risk/return ratio in the management of (new) projects, while maintaining a healthy spirit of entrepreneurship.

#### Financiering

For Heijmans, the past few years have been marked by a recovery in profitability and the improvement of our balance sheet ratios. The tenor of the facility was always relatively short and the financing conditions stressed a certain assimilation pattern. Both the Executive Board and the Supervisory Board saw the good results of the past few years, with a stable rise in profitability and a healthy net cash position as reason to consult with the syndicate banks on the adjustment of our financing. That resulted in an extension of the financing through 31 December 2025. And we improved and updated the financing on a number of fronts and linked them to a sustainability targets. The banks committed to an amount of € 117.5 million, with € 20 million of this in the form of a current account facility. The interest margin is based on new performance criteria and is linked to bonus malus system based on four sustainability criteria. In effect, Heijmans is raising its sustainability ambitions by committing to annual improvements in terms of CO<sub>2</sub> emissions and safety.

Both the Supervisory Board and the Executive Board are pleased with the new package. Heijmans consolidated its financing and the company is now less sensitive to any fluctuations on capital markets in light of the current economic conditions. The Supervisory Board and the Executive Board regularly discussed the results in relation to the company's financing requirements.

#### Strategy

Heijmans' strategy is focused on long-term value creation. In line with good governance practices, each year the Executive Board reviews the strategy. In 2021, this was also the case for the long-term strategy 'Better, Smarter, More Sustainable' developed in 2018. This not only involved using KPIs to assess the progress made on the strategic goals, but also a portfolio recalibration that led to a tightening up of a number of objectives. The Supervisory Board was intensively involved in this



process. Subjects that touch on the strategy and long-term value creation are raised and discussed at almost every meeting and that leads to constructive dialogue that contributes to deeper insights. The Supervisory Board monitors the implementation of the strategy, and it discusses various strategic themes at every meeting with the Executive Board. The Supervisory Board also took note of the progress made in areas including safety, compliance & risk, renewal, product development and innovation, including through presentations given by a number of experts during meetings with the Supervisory Board and the Executive Board. In 2022, the Executive Board will once again recalibrate the strategy for the period from 2023 onwards, and the Supervisory Board will be intensively involved in this process.

### Industrial-scale construction

To realise Heijmans' strategic goal, as the creators of a healthy living environment, to build in a CO<sub>2</sub>-neutral manner and to help meet the national challenge to increase the housing stock in the Netherlands, in early 2021 Heijmans conducted a study into industrial-scale residential construction. The Executive Board explored a number of routes and discussed these extensively with the Supervisory Board. As a result, in late 2021 the Executive Board decided, with the approval of the Supervisory Board, to acquire IIBO's energy-neutral production facility in Heerenveen and to enter into a partnership with VDM. Heijmans was then able to make an immediate start on the production of timber frame homes, and in 2022 will be to scale up large-scale production. The Supervisory Board is enthusiastic about this development, which is a good fit with Heijmans' mission and strategy.

### Corporate governance

The Supervisory Board was kept abreast of the developments in the field of Corporate Governance, including the Corporate Governance Code and relevant new regulations, such as draft legislation on diversity (the assimilation quota for members of the supervisory board and senior management) and, the draft legislation on management and supervision. For more information, we refer to section 13.2 'Corporate Governance' of this annual report.

### Frequency of meetings and attendance

In 2021, the Supervisory Board held six regular meetings and nine extra meetings in the presence of the Executive Board. The regular meetings were preceded by internal consultations within the Supervisory Board. A number of these meetings were held entirely digitally as a result of Covid-19 and some meetings took place in a hybrid format. Both Ms. Jonk and Mr. Icke were absent from one meeting. They made use of the option to discuss the

items on the agenda with the Chair prior to the meeting and were given the opportunity to express their views. All members of the Remuneration and Appointments committee attended all meetings of said committee. All the members of the Audit committee attended all meetings of said committee.

Once again in 2021 it was not possible for the members of the Supervisory Board to make a joint visit to one of Heijmans' projects due to Covid-19 restrictions. Some Supervisory Board members did visit a number of projects individually, taking all safety measures into account.

The Company's external auditor attended the meeting in which the financial statements for 2020 were discussed. The Supervisory Board is normally represented at two consultation meetings of the Works Council each year. Members of the Supervisory Board regularly consult with members of the Executive Board, depending on their specific tasks. This is particularly true for the Chair of the Supervisory Board and the Chairs of the Board's committees, i.e. the Remuneration and Appointment committee and the Audit and Risk committee.

### Resolutions

The important resolutions of the Supervisory Board in 2021 included the following:

- Approval of the revised strategy;
- Approval of the decisions of the Executive Board to adopt and change the operational and financial objectives of the Company;
- Approval of the 2021 business plan and budget of Heijmans N.V., which outlines the parameters of the strategic principles of the policy;
- Approval of the specification of the criteria for the short-term and long-term variable bonuses of the members of the Executive Board;
- Approval of the decision of the Executive Board to extend the syndicated loan through 31 December 2025 and the amendment of the terms of said loan;
- The decision to nominate Mr. A.E. Traas for appointment as a member of the Supervisory Board at the General Meeting of Shareholders on 14 April 2021;
- Approval of the Executive Board's proposal for the appropriation of the result of Heijmans N.V. for the financial year 2020, comprising a payment of dividend on ordinary shares;
- Approval of the Executive Board's resolution to issue ordinary shares by way of dividend payment to the holders of cumulative financing preference shares B;
- The appointment of Mr G.M.P.A. van Boekel, following an Extraordinary General Meeting of Shareholders on 30 August 2021, as a member of the Executive Board and CFO;

- The announcement of a vacancy on the Supervisory Board in connection with the resignation of Mr. G.A. Witzel;
- Approval of the Executive Board's decision to set up a production facility for industrial-scale residential construction and the related investment for the acquisition of IIBO.

### Executive Board

The Executive Board has two members. Their areas of attention are as follows:

- Mr. A.G.J. (Ton) Hillen, Chairman of Executive Board / CEO: General affairs, Property Development, Building & Technology, Infra, Sustainability, HR & Management Development, Procurement and Innovation;
- Mr. G.M.P.A. (Gavin) van Boekel, member of Executive Board / CFO: Finance & Tax, Risk office, Investor relations, IT, Heijmans Energy, Legal Affairs, PR & Communications, Pensions and Facilities.

Mr. Van Boekel was appointed as of 1 September 2021 as member of the Executive Board and CFO. He succeeded Mr. J.G. Janssen, who left Heijmans as of 15 April 2021.

### Self-assessment Supervisory Board

One of the principles of the Dutch Corporate Governance code is that supervisory boards are collectively responsible for their own performance, with self-assessment being defined as a best practice. The self-evaluation for 2021 was carried out on the basis of an extensive questionnaire that was completed by all members of the Supervisory Board and, in parts, by the members of the Executive Board. The resulting report was discussed extensively at the Supervisory Board meeting in November 2021. The evaluation for 2021 showed that the previously formulated points for improvement had been embedded, and that it was important to continue to devote attention to those points.

### Diversity

The composition of the Heijmans Supervisory Board is diverse in terms of gender, background and experience. Pursuant to the Dutch Management and Supervision Act, larger companies are obliged to strive for a composition of at least 30% female and 30% male members on the Supervisory Board, insofar as the seats on the board are filled by natural persons. Two of the five members of the current Heijmans Supervisory Board are female, representing 40% of the total. In 2022, the Supervisory Board will revise the company's diversity policy in light of the new diversity legislation 'Diversiteit in de top' (Diversity on the boards of companies), which came into force on 1 January 2022.

For further background information about the members of the Supervisory Board, see chapter 3 'Management' of this annual report. The diversity policy applicable to the Executive Board and Supervisory Board is included in the Corporate Governance statement, which is referred to in section 13.2 'Corporate Governance' of this annual report.

### Committees

The Supervisory Board has appointed two committees: the Audit and Risk committee, and the Remuneration and Appointments committee. The Board has drawn up Regulations for each committee, establishing the role of the committee in question, their composition and how they carry out their tasks. These regulations are available (in Dutch) on the Heijmans website in the section 'Corporate Governance: Codes, statuten en reglementen'.

#### Audit and Risk committee

The Audit committee comprises three members of the Supervisory Board and its tasks cover a number of financial areas and risk management. The discussions of items in the Audit and Risk committee serve as preparation for the discussion of these items by the full Supervisory Board. These subjects include the interim report, the financial statements, the budget, the external auditor's reports, the external auditor's audit plan, other financial reporting, the functioning of internal risk and control systems, the relationship with and the evaluation of the external auditor, the pension plans and the development of the financing requirements and debt position, as well as the relationship with the company's financiers.

The Audit and Risk committee also discussed the valuation of land holdings, the functioning of the SAP ERP system, the company's tax position and the issue list. In addition, the committee discussed integrity and compliance, Risk & Audit Management and the reports provided by the Risk & Audit Manager, cybersecurity and privacy/implementation of the GDPR.

Up until 12 November 2021, the members of the Audit and Risk committee were Mr. R. Icke (Chair), Mr. G.A. Witzel and Ms. M.M. Jonk. From that date, the members were Mr. R. Icke (Chair), A.E. Traas and Ms. M.M. Jonk. Expertise in financial reporting and the auditing of financial statements is embedded in the committee, as both Mr. Icke and Mr. Traas trained as chartered accountants. In 2021, the committee met with the Executive Board on four occasions. The external auditor also attended a number of meetings. The committee also consulted the auditor in the absence of the Executive Board.

When relevant, managers with responsibility for finance, auditing, risks and compliance attended the meetings of the Audit and Risk committee, together with the CEO and the CFO. Relevant items requiring approval from the full Supervisory Board were submitted to the full Board together with a recommendation from the Audit and Risk committee.

### Remuneration and Appointment committee

The Remuneration and Appointment committee consists of Mrs. M.M. Jonk (Chair), and Mrs. J.W.M. Knape-Vosmer. In preparation for the Supervisory Board, the committee focuses on the remuneration of the members of the Executive Board and draws up the selection criteria and appointment procedure for members of the Supervisory Board and the Executive Board. At least once a year, the committee also assesses the performance of the members of the Executive Board and draws up a succession planning for the Executive Board. In this context, the committee conducts individual performance interviews with the members of the Executive Board at least once a year.

### Remuneration

The committee held five meetings in the year under review, nearly all of which were held virtually due to Covid-19. The members also consulted with each other regularly in the course of the year. The discussions on the remuneration of the Executive Board members are based on the remuneration policy adopted by the General Meeting of Shareholders on 15 April 2020. In view of the recent adoption of the policy, the committee recommended not reviewing it in the run-up to 2022.

In its meetings, the committee discussed the remuneration of the Executive Board members. The remuneration for 2021 was in line with the aforementioned remuneration policy, for which we refer to the 2020 remuneration report in appendix 15.6 'Remuneration policy' of Heijmans' 2021 annual report.

The committee also discussed and advised the Supervisory Board on subjects including the bonus package for the new CFO, the targets set for the variable remuneration, the variable remuneration itself, the Bonus Investment Share Matching Plan and the fixed remuneration of the Executive Board members in 2021. Finally, the committee also drew up the 2021 Remuneration report and discussed this with the Executive Board and the Supervisory Board. These discussions included the outcome of the advisory vote of the General Meeting of Shareholders with respect to the 2020 Remuneration report.

## Appointments

### Supervisory Board

In late 2020, the Supervisory Board decided to expand temporarily to six members. The reason for this was the fact that Mr. R. Icke, supervisory director, vice-chair and chair of the Audit and Risk committee, was due to step down after the close of the 2022 General Meeting of Shareholders, in line with the retirement schedule, and was no longer eligible for reappointment. To safeguard the continuity of the Supervisory Board, the board decided to open a vacancy with a finance profile in a timely fashion and to put the nomination on the agenda of the AGM to be held on 14 April 2021.

Following a careful procedure, in January 2021 the Supervisory Board made a choice and, subject to the approval of the nomination by the Works Council, decided to nominate Mr. A.E. Traas for appointment as supervisory director for a term of four years at the General Meetings of Shareholders held on 14 April 2021. The Works Council approved the nomination and the General Meetings approved the appointment.

As Mr. G.A. Witzel, a member of the Supervisory Board since April 2020, stepped down as of 12 November 2021, the Supervisory Board decided to open a vacancy. The committee immediately started the procedure for the recruitment of a new supervisory director and commissioned a search agency for same.

### Executive Board

After Mr. J.G. Janssen announced in early 2021 that he planned to leave Heijmans as of 15 April 2021, the Supervisory Board started the procedure to fill the resultant vacancy for a CFO / member of the Executive Board. The committee made the preparations for the procedure and commissioned a search agency. Following a careful procedure and extensive consultations between the Supervisory Board and the Executive Board, Mr. G.M.P.A. van Boekel was chosen by unanimous vote. The Works Council issued a positive recommendation with regard to the proposed appointment, which was explained during the Extraordinary General Meeting of Shareholders held on 30 August 2021. The Supervisory Board subsequently appointed Mr. Van Boekel as per 1 September 2021.

### Composition of Supervisory Board

The Supervisory Board currently has five members. According to the retirement schedule, no members are due to retire from the board. Mr. A.E. Traas was appointed

for a term of four years at the General Meeting of Shareholders of 14 April 2021.

You will find the current composition of the Supervisory Board, together with the particulars of the members and principal and other positions they hold in chapter 3, Management, of this annual report. All Supervisory Board members qualify as independent, as meant in Article 2.1.8 of the Dutch Corporate Governance Code.

### **In conclusion**

Despite the Covid-19 outbreak, Heijmans can look back at an excellent year in 2021. The Company continued to work on its strategic objectives and further strengthened the foundations of the Company. Both the Supervisory Board and the Executive Board continued to focus fully on the strict selection policy, optimal cost structure and safety, more specifically the conditions under which employees could continue to work during the pandemic, and sustainability. Everyone worked on improving the company's results in a broad sense. In addition to Covid-19, the Company is still facing the nitrogen emissions problem for which no structural solutions have been found. This will continue to make undiminished demands on the Company's flexibility and its innovative potential. The basis for structural success lies in a solid organisational structure and professional and skilled employees. This is why in 2021 the Supervisory Board and the Executive Board once again devoted a great deal of attention to the Company's HR policy and the development of its human capital.

Both the Supervisory Board and the Executive Board recognise that it required a huge effort from people to continue to work with constantly changing restrictions in connection with Covid-19. As in 2020, this put huge demands on the resilience and agility of all employees. Employees who continued to work at our building sites under difficult circumstances and other employees who were forced to work from home, with all the associated problems of combining work, family and home schooling. And as long as the Covid-19 pandemic continues, the pressure on all employees will remain high.

The Supervisory Board therefore has a great deal of respect for the management and the good results recorded in 2021, but most of all employees who made this possible. Their hard work is the foundation of Heijmans' good results!

The Supervisory Board wishes to express its gratitude to the Works Council, all employees and the Heijmans Executive Board for their significant contributions in the year under review.

Rosmalen, 25 February 2022

*Sjoerd S. Vollebregt, chair*

*Ron Icke, vice-chair*

*Martika M. Jonk*

*Ans J.W.M. Knape-Vosmer*

*Arnout E. Traas*



## 13.2 Corporate Governance

Corporate governance is about the sound management of a company, the supervision of that management and how the execution of the strategy is reported to all the company's stakeholders. These stakeholders include shareholders, employees, clients and society as a whole. Factors that play a role in this include the strategy and the achievement of the company's business objectives, the corporate culture and how the company meets its reporting and transparency obligations.

### Open corporate culture

A disciplined and unified corporate culture is a prerequisite for the success of our 'Better, Smarter, Sustainable' strategy. Continuous improvement remains of vital importance to Heijmans to maintain a sound basis, and by continuing to improve, we continue to build on the principles of the previous strategic programme 'Focus, Discipline and Excellence'. We recognise the importance of good corporate governance and a code of conduct for the achievement of our business objectives and the realisation of the related corporate culture. To this end, we continue to focus on communicating the core values that are vital to the realisation of this strategy. These core values are ownership, result-focused and collaboration. A more detailed explanation of our corporate culture programmes is available in the 'Non-financial results' section of this annual report.

Heijmans strives to maintain the highest possible standards, which means that we respect and comply with legislation, and observe and initiate guidelines that apply either to the company specifically or to the industry in general. Additionally, this means that we also strive to achieve the highest possible levels of integrity and transparency in our actions and any decision-making that affects our stakeholders. We also strive to conduct a continuous dialogue with stakeholders and to distribute information simultaneously and accessibly.

For more detailed information on how governance and supervision are organised at Heijmans, see the Corporate Governance Statement (as meant in Sections 2(a) in conjunction with sections 3 through 3(b) of the Decree Adopting Further Provisions Regarding the Content of Annual Reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) and including the information required under the Decree implementing Article 10 of the Dutch Takeover Directive). This statement is available (in Dutch) on the Heijmans website in the 'Corporate Governance: Codes, statuten en reglementen' section.

### Organisation of our Corporate Governance

The basic premises for Heijmans' corporate governance

structure are: good business conduct, integrity, reliability, client focus, openness and transparent dealings by the management, as well as the proper supervision of same. After all, we attach a great deal of importance to achieving an equitable balance between the interests of our various stakeholders. Heijmans endorses the principles of the Dutch Corporate Governance Code to the effect that the Company is a long-term alliance of the various stakeholders of the Company.

### Shares

Depository receipts for Heijmans shares are issued through the Heijmans Share Administration Trust, or SA Trust (Stichting Administratiekantoor Heijmans). The purpose of this vehicle is to prevent resolutions being adopted by a shareholders meeting through a random majority. The depository receipts for shares are freely exchangeable for ordinary shares.

### Employee representation

Employees are represented at Heijmans via the Works Council. Heijmans has a single Works Council at the level of Heijmans Nederland B.V. There are also a number of committees, each with its own focus area, such as finance, social policy and communications, comprising both members and non-members of the Works Council. In 2021, the Works Council held 11 meetings, six of which were consultative meetings. The latter are meetings at which the chairman of the Executive Board is present. One of the consultative meetings was attended by a member of the Supervisory Board. In the course of 2021, the Works Council dealt with six requests for approval and eight requests for advice.

### The Dutch Corporate Governance Code: compliance and deviations from the code

The current Dutch Corporate Governance Code was published in the Government Gazette on 8 December 2016. This Code is embedded in Dutch law by virtue of Section 2:391(5) of the Dutch Civil Code in conjunction with Section 2 of the Decree on the Content of Management Reports (Besluit inhoud bestuursverslag). Heijmans endorses the underlying principles of the Dutch Corporate Governance Code and has incorporated these principles as such in the company's corporate governance structure. To this end, we have also amended the regulations of the Executive Board, of the Supervisory Board and of the committees of the Supervisory Board. In the year under review, we deviated from the recommendations of the Code with respect to one best practice: 2.2.2.

#### • Deviation from best practice 2.2.2

This provision relates to the number of terms of appointment for supervisory directors. A supervisory

director is appointed for a period of four years and can then be reappointed once for a period of four years. The supervisory director may thereafter be reappointed for a term of two years, which term may be extended for a maximum of two years.

Contrary to this provision and following nomination by the Supervisory Board, the General Meeting of Shareholders on 15 April 2020 reappointed Mr. R. Icke, a member of the Supervisory Board of Heijmans since April 2008, for a term of two years. The Supervisory Board decided to nominate him in view of the desire to ensure continuity in the Supervisory Board and to create a more balanced retirement schedule. In view of the fact that in April 2020, two supervisory directors stepped down and a third was appointed relatively recently, the Supervisory Board is of the opinion that a new term of two years for Mr. Icke is in line with the pursuit of both continuity and the arrangement of a more balanced retirement schedule.

### Corporate Governance Statement

The Corporate Governance Statement as referred to in section 2(a) in conjunction with sections 3 through 3(b) of the Decree Adopting Further Provisions Regarding the Content of Annual Reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) and including the information required under the Decree implementing Article 10 of the Dutch Takeover Directive (Overname richtlijn) is available (in Dutch) on the Heijmans website in the section 'Corporate Governance: Codes, statuten en reglementen'. This statement should be considered inserted and repeated here.

### Special aspects

#### Dividend policy

The holders of ordinary shares or depositary receipts for ordinary shares are entitled to the pay-out of a dividend. Heijmans N.V.'s dividend policy includes a pay-out ratio, barring exceptional circumstances, of approximately 40% of the profit from ordinary business operations after tax. The remaining 60% is added to the reserves in accordance with Article 31 (5) of Heijmans N.V.'s Articles of Association.

#### Heijmans Preference Share Trust

The Heijmans Preference Share Trust has been given a call option, which gives the Trust the right to obtain preference shares in the capital of Heijmans N.V.

The purpose of the Trust is to protect the interests of the company and all its stakeholders. The Trust also aims to limit any impact that may impede the independence and/or continuity and/or identity and/or strategy of the

Company. The purpose of issuing protective preference shares is to provide the company with the opportunity and the time to effect the protection of the above-mentioned interests in the event that the company finds itself in a potentially undesirable situation.

### Powers of the shareholders meeting and the rights of shareholders

According to principle 4.1 of the Code, good corporate governance assumes full participation by shareholders in the decision-making at the general meeting. The Supervisory Board and the Executive Board also consider this important. The notice of convocation, agenda and documentation to be dealt with at a shareholder meeting are all published on the company's website at least 42 days in advance of the meeting. As far as possible, the Company gives shareholders the opportunity to vote remotely and to communicate with all other shareholders. Holders of (depository receipts for) shares who cannot attend a shareholders' meeting can issue a proxy and voting instructions to a third party designated by the Company, which third party will vote in accordance with their voting instructions. At their request, the Heijmans Share Administration Trust grants depositary receipt holders unrestricted authorisation to exercise their voting rights tied to the shares for which their depositary receipts were issued.

According to the Heijmans Articles of Association, any resolutions by the Executive Board that involve a significant change to the identity or character of the Company or its business are subject to approval by a shareholders meeting. The shareholders meeting also has a number of other significant powers, including the adoption of the financial statements, the appropriation of the result, the discharge of the members of the Executive Board and the Supervisory Board, the adoption of the remuneration policy for the Executive Board and the remuneration of the members of the Supervisory Board, resolutions to amend the Articles of Association or to dissolve the Company, the appointment of the external auditor and the designation of the Executive Board as the body authorised to acquire (buy back) and issue shares.

#### Limitation on the transfer of shares

There is no limitation in the Articles of Association or contractually on the transfer of shares or depositary receipts for shares issued with the cooperation of the Company, except for the block on the transfer and delivery of financing preference shares B laid down in the Articles of Association. Article 11 of the Company's Articles of Association stipulates that the Company's Executive Board must approve any transfer of financing preference shares B.

### Substantial shareholdings in Heijmans

Holders of shares and depositary receipts for shares that, as far as the Company is aware, held an interest of more than 3% in Heijmans as at 31 December 2021, according to the Register of Substantial Shareholdings of the Dutch Financial Markets Authority (AFM), are listed in chapter 5, 'The Heijmans Share'.

### Protective measures (special controlling rights, limitation of voting rights)

- The shares into which the authorised share capital of the Company is divided do not endow the holders with any special controlling rights.
- The Company does not have any employee participation plan or employee share option plan.
- There are no limitations of voting rights attached to ordinary shares or the depositary receipts for ordinary shares.
- The number of votes conferred by a financing preference share B with a face value of €0.21 is contractually restricted to 0.871 votes.
- The Company's Articles of Association include the usual provisions related to registration as a recognised party entitled to attend and to vote at a shareholders meeting.
- Article 6 of the Company's Articles of Association states that the Executive Board, with the Supervisory Board's approval, is designated by the General Meeting of Shareholders as the body authorised to issue shares or depositary receipts for shares. The scope and duration of this power is determined by the General Meeting of Shareholders.

### Agreements with shareholders that may limit the transfer of (depositary receipts for) shares or limit voting rights

The Company is not aware of any agreement involving a shareholder that may result in

- limitation of the transfer of shares;
- limitation of the issuance of (depositary receipts for) ordinary shares with the cooperation of the Company;
- the limitation of voting rights.

### Amendment of the articles of Association

A resolution to amend the Articles of Association can only be passed by a majority of at least two-thirds of the votes cast at a General Meeting of Shareholders at which at least half the issued capital is represented, unless the motion for such a resolution comes from the Executive Board, acting with the approval of the Supervisory Board. If a motion for a resolution stems from the Executive Board acting with the approval of the Supervisory Board, the

resolution can then be passed by a simple majority of the votes, regardless of the capital represented.

### Authorisation of the Executive Board with respect to the issuance of shares and the acquisition of shares

In accordance with the Articles of Association, on 14 April 2021, the General Meeting of Shareholders designated the Executive Board, with the approval of the Supervisory Board and for a period of 18 months commencing on 14 April 2021, as the body authorised to:

- issue shares and/or grant rights to acquire shares. The mandate to issue ordinary shares is limited to 10% of the issued share capital on 14 April 2021, plus an additional 10% if the issue takes place as part of a merger or takeover, or in the context of forging a strategic alliance;
- to limit or exclude the pre-emptive right to ordinary shares in the event that these shares are issued making use of the above-mentioned right to acquire shares.

Furthermore, the General Meeting of Shareholders of 14 April 2021 gave the Executive Board the authority - for a period of 18 months commencing on 14 April 2021 and subject to the approval of the Supervisory Board - to decide that the Company will acquire ordinary and financing preference shares B in its own capital, by purchasing same in the market or by other means. This authorisation is limited to 10% of the issued share capital and the company may only purchase the treasury shares at a price between their face value and 110% of the average closing prices over the last five trading days prior to the date the ordinary shares are purchased, and between the face value and 110% of the issue price for financing preference shares B.

### Consequences of a public bid for important contracts

The agreement with the banking consortium includes a change-of-control clause with respect to the facility of € 117.5 million (at year-end 2021). This clause states that the consortium must be informed of any change of control, and must then be given the option to demand early repayment. Change-of-control clauses may also appear in joint venture agreements to which subsidiaries are party.

### Payment to members of the Executive Board upon termination of their employment following a public bid

The agreements with the members of the Executive Board provide for a payment upon termination of the employment contract and/or management agreement following a public bid as meant in section 5:70 of the Dutch Financial Supervision Act.



## 13.3 Conduct and integrity

### Culture and structure

Heijmans attaches a great deal of importance to integrity. Openness is a key condition for this. We encourage an open working attitude by having the Executive Board and senior management set an example. We also discuss integrity issues in the Executive Board meetings and group board meetings. We hold review meetings with the managers of the business areas, in which we discuss both financial results and other topics and dilemmas that affect operations. This is how we try to embed our open culture in the organisation as much as possible. We have also introduced a structure for the reporting of issues related to conduct and integrity. If necessary, the reported issue will be investigated and action can be taken.

In late 2016, Heijmans formulated new core values, which are being disseminated right across the organisation and which fleshed out Heijmans' strategic programme at the time: 'Focus, discipline and excellence'. These values are ownership, result focus and collaboration. These core values remain fully in force.

### Integrity Committee

The task of the Integrity Committee is to advise the Executive Board on integrity-related matters. The Integrity Committee discusses integrity-related issues, dilemmas and themes and all related matters. On the basis of these discussions, the committee then issues policy recommendations, such as the need to initiate training courses. The Executive Board establishes the policy and decides which actions are to be taken in this context. The committee is chaired by the CEO. The other core members of the Committee are the Compliance Officer, the Procurement Director, the HRM Director, the Chair of the Works Council and a representative from Property Development responsible for integrity-related matters. The topics discussed include the implementation of integrity and conduct training, the functioning of the Code of Conduct, improving the reporting structure, and the ways in which Heijmans can keep the subject of integrity permanently top of mind for employees.

### Reporting structure: compliance officer and confidential counsellor

Heijmans prioritises a safe working environment. This includes a safe reporting environment, a working environment in which all employees feel safe to report situations violating the Code of Conduct or core values without fearing for their position. In other words, employees must feel that they can go to their supervisor or to a confidential counsellor without fearing for their

job. Heijmans facilitates this safe environment by providing an effective reporting procedure that enables anonymous reporting, and by taking every report seriously. Heijmans also actively demonstrates the consequences of unacceptable behaviour.

Heijmans has appointed a compliance officer who acts as the central contact and reporting point for integrity issues. The system safeguards the anonymity of any reports, and the compliance officer reviews the action necessary in each individual case, taking into account the applicable rules. In many cases, issues are resolved on the shop floor, for instance in consultation between the employee and their supervisor.

Heijmans appointed six new confidential counsellors in 2021, bringing the total up to seven. These counsellors are available for employees facing inappropriate behaviour such as discrimination, sexual intimidation, bullying, aggression and violence. The group of confidential counsellors is diverse and includes men and women with a variety of jobs, backgrounds and positions in the organisation. Employees can approach the confidential counsellor of their choice.

If employees cannot or do not want to go to a confidential counsellor or the compliance officer, they can always report anonymously via SpeakUp.

### Business Integrity

Heijmans prioritises the integrity of its employees, as this is a prerequisite to running a successful business. This is why Heijmans developed the Zakelijk Zuiver (Business Integrity) programme, which consists of e-learning and in-person dialogue sessions in which colleagues discuss dilemmas with each other. The in-person sessions had previously been postponed to spring 2021 due to the Covid-19 pandemic. Unfortunately, the measures that were in place for a large part of 2021 forced us to postpone the in-person sessions once again. Since these discussions on integrity and conduct are best held in person, Heijmans decided to move the sessions to early 2022. We did decide to develop an e-learning module to be offered to all employees from the start of 2022 as a warm-up for the dialogue sessions.

### Heijmans Code of Conduct

The Heijmans Code of Conduct was revised at the end of 2020 and complemented with subjects that are demanding greater attention today. We sent the Code of Conduct to all employees in February 2021, with an accompanying letter in which the Executive Board emphasised the importance of attitude and conduct,



as well as the importance of a safe working and reporting environment. The Code of Conduct applies to everyone involved in Heijmans: the management, our permanent and temporary colleagues, but also our partners, subcontractors and suppliers.

### Dilemmas and conduct

Heijmans is convinced that how we behave has a significant impact on the quality of the company's work and financial performance. One example is the impact of conduct in the field of safety, which can make a real difference in the construction industry.

Despite the focus and engagement within the organisation, Heijmans continues to face integrity and conduct issues. Not everyone has the same opinion of what is and is not acceptable. A considerable proportion of the reported issues are related to the following dilemmas:

#### Should you call someone to account or not

Calling each other to account in the event of unacceptable behaviour, in line with the standards we strive to maintain, actively encourages more openness and, in the end, more acceptable conduct. Calling each other to account is a form of ownership and taking responsibility. Examples include the wearing of safety clothing, the separation of waste at building sites, or the deliberate submission of incorrect expense sheets, the use of company property for personal purposes and unacceptable behaviour towards third parties. To make it easier for employees to call each other to account in cases of unacceptable behaviour, we organise dilemma discussion groups, provide toolboxes and regularly put the subject of integrity and conduct on the agenda of works consultations. Employees can use these consultations to discuss issues or certain kinds of conduct both openly and freely.

#### Acceptable versus unacceptable behaviour

It is sometimes difficult to define the fine line between acceptable and unacceptable behaviour, but it is crucial for the culture on the shop floor. Heijmans considers a safe working environment - where everyone is treated with respect - a prerequisite on this front. We do not accept unacceptable behaviour. We take appropriate measures whenever necessary.

#### Self-determined rules versus applicable rules

Not everyone complies with the rules laid down in our code of conduct, This is how we work. This could apply to the likes of submitting expense sheets, payments or the use of company equipment. It can be difficult for (new) employees to go against the flow and to remind colleagues of the actual rules.

### Dilemmas related to developments in society

During the pandemic, Heijmans noted that perceptions regarding subjects such as vaccines can lead to discussions at work. Employees must treat each other with respect in this context, even if opinions differ strongly. Heijmans enforces the Covid-19-related government measures, but the management does listen to sentiments within the organisation and conducts open discussions on this with our employees and the Works Council. This allows Heijmans to help guide discussions, which can sometimes become heated, along the right lines.

### Compliance / reports

In 2021, 17 integrity issues were reported to the compliance officer and/or confidential counsellors, slightly more than in the previous year. The anonymous tip line was not used. Heijmans encourages its employees to report suspected or actual abuses and has several options available for them to do so. The compliance officer also takes an active approach on this front. The compliance officer regularly sends out requests to management and HRM for reports. The Executive Board believes it is important that employees feel free to file reports and know that their reports will be taken seriously.

The reports in 2021 included not following internal procedures and unacceptable and/or unprofessional conduct on the part of employees in various positions. The first consideration in each case was the seriousness of the incident, and this was then followed by an investigation into the facts in all cases. One case led to an investigation by an external investigation agency. The reports led to written (final) warnings, or dismissal in a few cases. All reports were also discussed at Executive Board meetings and subsequently evaluated by management with those involved.

### Integrity and conduct

The integrity and conduct Heijmans expects from its employees are laid down in a number of regulations and guidelines:

- *Dossier statement*: this statement is drawn up for each tender issued. In this statement, the responsible manager explicitly declares that there was no anti-competitive conduct in the preparation of the tender. From early 2021, the statement will no longer be drawn up as a separate document but a statement to the same effect will be included on the so-called final sheet. This is the calculation of the tender price that is signed off by the Executive Board and the management.
- *Integrity-sensitive positions*: Heijmans has a 'Procedure for integrity-sensitive positions'.

Integrity-sensitive positions include members of the Executive Board, members of the group board, members of the senior management and a number of specifically defined positions. Screening is mandatory for these functions. Employees in integrity-sensitive positions and applicants applying for such positions are asked to provide a Personal Statement of Judicial Records and are also asked to submit a Certificate of Good Conduct.

- *Reviews*: the Executive Board discusses integrity issues and shares these, anonymously, with the management teams. In consultation with the Integrity Committee, the Executive Board makes sure that reports and issues are translated into appropriate policies.
- *Heijmans Code of Conduct*: the Heijmans Code of Conduct provides tools and directions for positive cooperation with each other and about compliance with laws and (internal) rules. The Code deals with matters such as dealing with each other respectfully, safety, integrity, honesty and following rules. The Code applies to everyone who works for or via Heijmans. The Code of Conduct is linked to a sanctions policy. Managers are asked to set an example through their personal conduct. The Code of Conduct is an integral part of the employment contract with permanent and temporary personnel, and also applies to any self-employed contractors with whom Heijmans works.
- Integrity is a fixed item in job interviews and onboarding programmes.
- To encourage integrity in its project development activities, Heijmans Property Development set up a *Transaction Register* in 2009 in accordance with the NEPROM Code of Conduct, in addition to its quality management system and the Heijmans Code of Conduct. The Transaction Register is used to investigate, record and document the relevant details of every business-to-business property transaction in advance, making it possible to check transactions for correctness, integrity and lawfulness after the fact. This is also endorsed and incorporated in Heijmans' procurement policy.
- *Procurement*: New suppliers are asked to sign a sustainability statement, which includes rules with respect to improving social aspects, working conditions, health & safety and the environment.

## Privacy compliance

### Embedding in the organisation

Heijmans pays significant attention to privacy compliance. All employees regularly follow an e-learning module on this subject, and are provided with practical

information via internal platform Yammer. We host specific training sessions and lectures for various target groups. We have also appointed GDPR (General Data Protection Regulation) contact persons per business area who can offer advice on all privacy matters. On a central level, the privacy officers focus on policy-related aspects.

### April 2021 data leak

On 12 April 2021, an email was sent to around 1,100 email addresses from a Heijmans email address, mistakenly containing an unsecured Excel file with names, addresses and financial income data of those sent the email. Those involved were people who had signed up for the Zevenpolder project that Heijmans is developing with other market parties. Heijmans quickly discovered the mistake, and immediately acted to withdraw the email. We notified and apologised to those involved the same evening. We notified the Dutch Data Protection Agency (DPA) the next day.

We analysed the situation that led to the data leak. Based on this analysis, we investigated all existing consortiums for privacy compliance and took additional measures where necessary. When entering into a new consortium, privacy is a mandatory part of the testing on the basis of a new consortium guideline. A number of risky business components are now ISO 27001 (information security) certified. We are also examining how technology can help prevent mistakes like these. Internally, we have also discussed the lessons learned from this extensively.

### Fighting corruption and bribery

The trust our clients and partners, as well as our shareholders and employees, have in our company is crucial to our licence to operate. That trust will be damaged if Heijmans or its employees are found guilty of corruption and/or bribery. Fighting corruption and bribery is therefore an integral part of Heijmans' general compliance programme. Heijmans' code of conduct applies to the employment contract of every employee. It states that Heijmans expects employees to avoid all actual or apparent conflicts of interest between personal and business interests. Employees are not allowed to accept or offer any gifts or invitations that call into question their independence. Offering such gifts could also endanger the independence of either Heijmans or the purported recipient of said gifts or invitations. Heijmans and its employees must strictly abide by all legal regulations and generally accepted norms applicable to business operations and that are expressed in Heijmans' own guidelines, such as the Transaction register used within Heijmans Property Development. We impose the application of our code of conduct or an equivalent code on the subcontractors and partners with whom we do business.

If an employee can, by the nature of their position, find themselves in a situation where they may encounter corruption or bribery, the company will devote specific attention to this situation, for instance by organising special training. This primarily applies to our Procurement department. Heijmans has taken measures at this department to minimise the risk of bribery and corruption. For instance, the department is centrally organised, which increases the level of direct supervision. Preferred suppliers are also chosen and evaluated centrally and very carefully. Procurement has a clearly defined segregation of tasks and procedures that are subject to the 'four eyes principle'. The department uses standard contracts that are exchanged digitally. In early 2018, Heijmans introduced a transparent evaluation system for suppliers. This ensures that suppliers who fail to comply with Heijmans' standards are excluded from our list of preferred suppliers. This approach has proven highly successful. The indicators related to this theme are 'Procurement spend with preferred suppliers' and 'Procurement spend with preferred suppliers with framework contract with signed sustainability statement', as included in the KPI table in the appendices.

## Compliance

We have appointed a number of confidential counsellors for the business areas and at holding company level. These confidential counsellors can give advice on dilemmas encountered by employees in the course of their daily activities. Heijmans requires its suppliers and subcontractors to endorse the Heijmans Code of Conduct, the Bouwend Nederland (Dutch construction industry umbrella organisation) and NEPROM (Dutch project developers umbrella organisation) codes of conduct or their own (industry) code. Heijmans' subsidiaries are included in the register of the Foundation for Evaluating the Integrity of the Building industry (SBIB). Every two years, we file a report with the SBIB on any breaches of the Heijmans Code of Conduct, together with an account of how Heijmans dealt with said breaches.

## Additional and separate regulations

In some cases, values from the Code of Conduct have been laid down in additional and separate regulations:

### *Internal reporting procedure*

For those situations in which it is difficult to find a solution within the scope of daily workplace activities, some time ago Heijmans introduced an internal reporting procedure, which defines the steps to be taken when submitting a report of an abuse. It also describes how such reports are investigated, and defines the role of management in this procedure. This internal reporting procedure offers employees the opportunity to report an

abuse orally or in writing to the compliance officer or a confidential counsellor, without endangering their legal position under employment law. Employees can also report abuses anonymously via the SpeakUp system.

### *Heijmans N.V. Insider Trading Regulations*

These regulations contain provisions that apply to the officers named by law and to other Heijmans employees. These regulations were amended following the implementation of the EU Market Abuse Regulation in mid-2016.

### *Private investments regulations*

Heijmans has a set of regulations that apply to personal investments by members of the Executive Board and the Supervisory Board. The Chairman of the Executive Board is the compliance officer for transactions in shares, depositary receipts for shares and options on shares. The Chairman of the Supervisory Board acts as the compliance officer for the Chairman of the Executive Board.

## 13.4 Risk management

The Covid-19 pandemic has shown that Heijmans is highly adaptable and can respond effectively to changing circumstances. We have proven able to mitigate the effects of this crisis, partly thanks to the 'Let's keep working, safely' protocol. At the same time, we remain alert to the potential economic consequences of the Covid-19 crisis, and we take this into account in our market positioning. For instance, we have intensified our cooperation with housing corporations and are putting more focus on seizing the opportunities arising from the energy transition. In other parts of our business, too, we are placing more emphasis on markets that will be less affected by a possible economic crisis.

For construction companies the size of Heijmans, which often act as the main contractor, there are a number of risk-dampening aspects in the event of an economic crisis. First, past experiences have shown that in the event of an economic crisis, the government will implement a set of stimulus measures for the construction and infrastructure sector. As Heijmans often contracts directly with the government, it will profit from any stimulus measures relatively quickly, particularly with regard to large infrastructural and non-residential projects. The housing market is also stimulated regularly, but the measures here are more indirect, being aimed at buyers, and the market is largely determined by consumer trust, which generally does not recover as quickly. There are two more risk-dampening factors partly related to this market.

Since Heijmans is active in multiple sectors, there is a significant degree of diversification. In the past, this has functioned as a 'natural hedge', since not all (sub)sectors declined at the same time. For example, the maintenance sector rises as soon as the new-build sector declines. And while the construction sector is cyclical, the cyclicity differs per sector for a main contractor such as Heijmans, due to the scope and duration of the order book at the start of a crisis. Because Heijmans has a centralised management model and its personnel can be transferred between sectors, Heijmans can anticipate and adjust its cost structure at an early stage.

In 2021, Heijmans once again improved its profitability and cash flow. This helped the company to improve its solvency. Heijmans did not use its credit facility at all in the year under review. In April, Heijmans opened up the credit facility and extended it under better terms through to year-end 2025. On the basis of the improved balance sheet terms and long-term committed financing facilities, Heijmans has a robust financial foundation for the coming years.

If the market declines or changes significantly in the future, the pressure on the order portfolio may increase. We pay significant attention to ensuring that our risk appetite in tenders does not increase, resulting in problems in the future. The role of the Risk Office, led by the Chief Risk Officer (CRO), remains crucial to keeping the organisation on its toes.

This section of the annual report describes the risk profile and risk management of the company, the associated risk factors and the actions taken to mitigate these risks.

The main macro-economic and strategic risks for Heijmans are:

• **Interruption of business operations**

- Pandemic with significant impact on the economy, consumer trust and continuity of supply.
- Nitrogen and PFAS issues, changing legislation and the availability of raw materials.
- Dependence on digital assets with regard to both business operations and products and services, thereby increasing the risk of cybercrime.

• **Market risks**

- The changing role of construction companies in a society that is becoming increasingly digital and is demanding more sustainable products.
- Availability of labour, services and materials.
- Price risk (in particular procurement risk).
- Availability and potential for development of land.

- Affordability of homes.
- Increase in regulation of residential building (such as the Didam ruling).
- Inability to respond to market developments such as digitalisation, improving the sustainability of materials and the energy transition.
- No response to issues our clients face, loss of relevance in market.

• **Operational risks, in particular:**

- Project risks in development of tender design and operational design, and operations-related risks (complexity).
- Logistics risks on construction site and in supply of materials and components.
- Corporate risks such as continuity in the order book and return, climate, the environment and health, exploitation and safety.
- Retention and recruitment of personnel.
- Cyberattacks that can disrupt business operations (temporarily).

• **Financial Risks, the most relevant to Heijmans being:**

- Insufficient liquidity and solvency, resulting in solvency ratios that hinder the execution of the strategy.
- Insufficient capacity bank guarantees.
- Insufficient financial health of partners, clients and suppliers.

• **Legal and compliance risks**

- New forms of cooperation and contracts.
- Societal developments with regard to sustainability and the environment, intellectual property, IT law, cyber security, GDPR and energy transition, with increasing regulatory pressure.
- (Prolonged) disputes and legal proceedings.

This risk section also describes the main items of attention in the management letter from the external auditor. Before exploring the specific risks and mitigating measures, we will first describe the company's risk profile and general risk management measures.

**Developments in the risk profile**

Heijmans is active in construction and infrastructure projects, including management, maintenance and/or services, and additionally in property development and in integrated area developments. We use digitalisation to create data-driven services, and software is therefore part of our products and services. Clients set specific requirements for cyber security in buildings. The distinction between construction and infrastructure, property development and area development projects, and the

increasing level of digitalisation and 'as a service' concepts have an impact on Heijmans' risk profile.

### Risk acceptance

Heijmans operates in a constantly changing market. From design, which is being (partly) shifted to self-learning systems via the market entry of technology companies that are responding to and focusing on data-driven, smart construction processes, to the open development of innovative systems for total (project) integration in the event of simultaneous increases in regulation. The energy transition and the acceleration of sustainability expectations are also creating challenges. To make sure we are prepared to respond to current and future developments, Heijmans is following these developments closely and actively participating in them, and seeking expertise outside the company.

In the assessment of our risk acceptance, we categorised the project risks. These include the annual revenue of a project in relation to the company revenue, the contract form, the client, the competence 'fit' and the risk profile of the chosen solution. Based on the above, each project is assigned a risk category (1 through 3). The higher the risk profile, the higher the authorisation in the organisation, the higher the return requirements and the more frequent the project monitoring.

In addition, Heijmans aims for a good balance in the revenue mix within and between all business areas. In recent years, the portfolio within Heijmans has shifted in multiple areas. Heijmans is seeking fewer major projects and more medium-sized projects, has stopped accepting DBFM (Design, Build, Finance & Maintain) contracts, and is accepting more construction team and two-phased contracts. Heijmans has also taken on a growing number of maintenance projects and services related to new-build projects. These changes have led to a more robust, diversified portfolio with a lower risk profile. A clear example of this is Infra, where the ratio between large projects on the one hand and regional projects, specialist activities and asset management on the other is shifting in favour of the latter. At Building & Technology, we aim for a balanced ratio of non-residential projects, residential building, multi-functional high-rise residential construction and services. At Property Development, we focus on the ratio between development from own positions, tenders/design contests and direct awards. Our preference is for development from our own position and direct awards, and we use tenders to supplement the portfolio if necessary. We are also seeing the emergence of new revenue models, such as data-driven services.

## End products

### Asphalt

Moderate risk profile aimed at optimisation of production capacity in relation to demand.

The risk profile of end products such as asphalt is primarily determined by the scale of the necessary production capacity. To ensure capacity can be adapted even more effectively to demand, Heijmans and BAM have combined their existing asphalt plants in the Netherlands in a new, joint asphalt company. Heijmans and BAM set up AsphaltNu to pool their joint knowledge, expertise and investments in the field of asphalt production. This will help to make the asphalt chain more sustainable and improve efficiency. AsphaltNu, which became operational on 1 January 2021, will not only work for Heijmans and BAM, but will also serve third parties in the asphalt market. Continued improvements in the sustainability of the asphalt chain is an important objective, from the reduction of CO<sub>2</sub> emissions to the circularity and reuse of raw materials and sub-products. In addition, joining forces offers us opportunities to optimise our business operations in the field of asphalt.

In the year under review, the danger of benzene emissions from asphalt plants has gained prominence in national and local media. Benzene, which is carcinogenic, is released when asphalt is recycled. Asphalt recycling is an important aspect of the circular economy and the Dutch government's sustainability goals, but it does unfortunately have a negative side effect of higher benzene emissions. At AsphaltNu, the emissions limits have also been exceeded a number of times in chimney measurements. Measurements in the living environment and the associated model-based calculations have never exceeded the living environment limit (which is 1,000 times stricter than the limit for the chimney). Since there is no ready-made solution to this problem available, AsphaltNu experimented with various potential solutions, which led to the development of a carbon filter. The filter was installed in various AsphaltNu plants in the 2021-2022 winter refit.

### Data-driven services, software development and technology in our products and services

Moderate risk profile aimed at mitigating risks in the provision of data-driven services.

Thanks to digitalisation, we are creating data-driven services and are increasingly applying software development and technology as part of a products and services. This has an impact on our risk profile. These risks relate to:

- Disputes relating to intellectual property ownership of software and algorithms.
- Quality and liability of digital products and services:
  - Functional operation, maintainability and digital security.
  - Safety impact if the technology has a direct impact on the physical world.
- Fines and liability in the area of GDPR, if the data includes personal information.
- Missing out on contracts due to a lack of correct certifications, such as ISO 27001.
- Missing out on revenue and possible claims as a result of unclear ownership of data and rights of third parties (database rights).
- Permanent availability of services.

### Cyber security

Low-risk profile aimed at preventing cyber security incidents.

Clients are imposing increasingly explicit demands on cyber security within projects. The risk pertains to the operational impact on business operations of cyber incidents, such as ransomware attacks.

Heijmans has a vision in which cyber security is integrated in our business operations, products, projects and project results. Heijmans wants to achieve this by seeking cooperation in the chain, both internally and externally, and by focusing on the responsibility of each party in that chain, or those chains. On the one hand, Heijmans chooses measures that have added value and, on the other hand, we weigh risks on the basis of transparency and ownership of data and systems. Heijmans is solution-oriented on this front and seeks a balance between investments in technical solutions and employee awareness and knowledge. We have translated this into a multi-year cyber security roadmap, 'Secure@Heijmans', which we review annually.

### Construction and infra projects

Moderate risk profile aimed at a profitable business model and low invested capital.

In the year under review, our margins on these projects increased because Heijmans has become more predictable as a result of better project selection from the start, a more conservative approach to accepting projects and valuation, and the completion of (large) problem and loss-making projects. Construction and infrastructure projects, including services, are based on works contracts that Heijmans executes, with a large part of the work to be executed outsourced to third parties. These activities are marked by relatively low operating profit margins. Heijmans targets operating profit margins of 4-6% for

these activities. The business model for these types of activity is profitable when projects involve – on average - negative working capital, which effectively results in little or no investment of capital. Infra activities generally involve slightly less negative working capital than construction or technical installation projects, partly due to the greater use of the company's own equipment. To achieve a profitable business model, Heijmans therefore strives for a moderate risk profile on this front, balancing risk and return.

### Property development

Moderate risk profile focused on stimulating the turnover rate of invested capital.

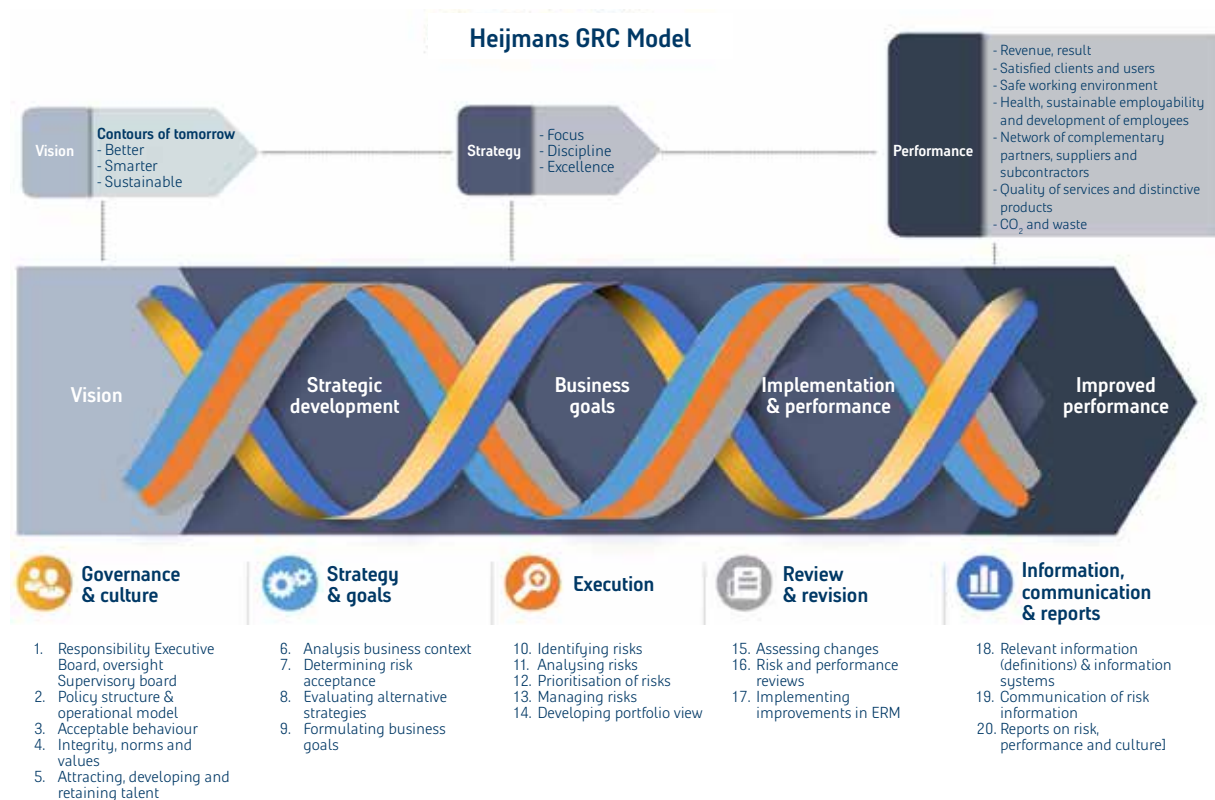
The property development activities require a higher level of invested capital, which in turn requires higher returns. The capital employed depends to a great extent on the terms at which Heijmans can acquire and sell on development positions. Strategic development positions can have a long investment horizon, while exercising development rights acquired may have a short investment horizon. Property development will have to continue working on the basis of alternatives such as design contests, tenders and direct awards and being allowed to develop on the basis of our quality. The time factor is an important risk component of the risk profile for these activities. For instance, capital is frequently utilised for longer periods of time to generate higher returns. Heijmans invests only in new real estate and land holdings if these can be developed within the next five years. Heijmans has shifted the focus in this context from land ownership to development rights.

From 2022, Heijmans will start realising timber frame homes and accelerate the scale-up to large-scale production. This has been made possible by the acquisition of the energy-neutral factory of IIBO, and a partnership with an experienced partner. From 2022, Heijmans will implement timber frame construction on a large scale, as creators of the healthy living environment. This underlines our ambition to achieve CO<sub>2</sub>-neutral construction.

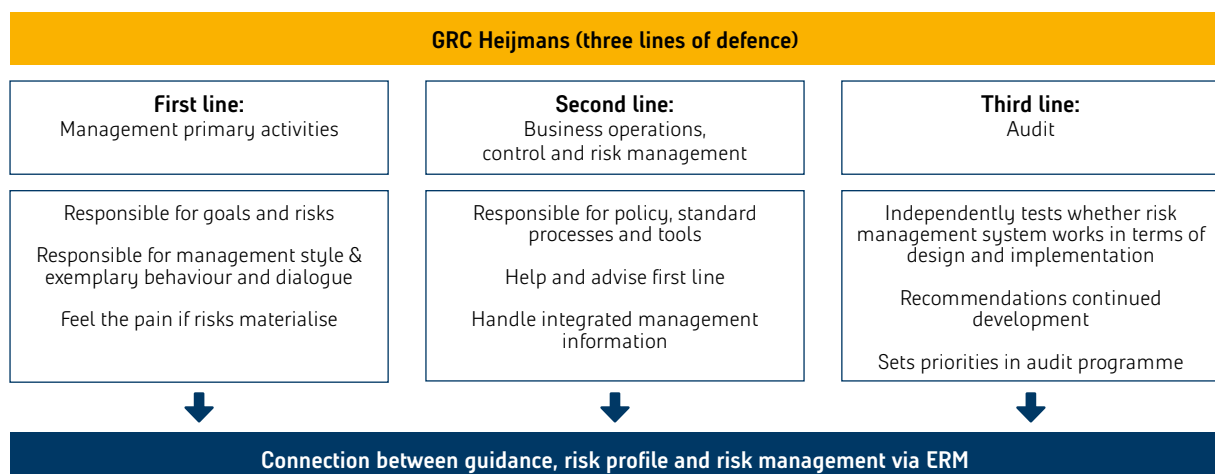


## General risk management measures

The premise of Heijmans' approach to risk management is the structural, integrated and timely identification and monitoring of key opportunities and risks based on the above-mentioned risk profile. The objective is to effectively anticipate and mitigate uncertainties and threats, but also to take advantage of any opportunities. Heijmans has designed its risk management in line with the principles of the COSO-ERM framework, assigning a prominent role to the risk management of projects. The activities in the control model have been divided into 1st, 2nd and 3rd lines of defence.



- The **1st line** is the operation responsible for the execution and compliance with agreed procedures and the management of the associated risks, both in the business operations and specific project risks.
- The **2nd line** of defence includes the Risk Office, Legal and Compliance, and analyses and assesses the risk profile in substantive terms, develops and improves management measures and ensures these are implemented in the first line.
- The **3rd line** (Audit) uses an Audit programme to monitor the correct compliance and effectiveness of the management measures and reports periodically to the group board and the Audit and Risk committee.



Risk management is embedded in a management model marked by centrally organised business areas with short lines of communication to the Executive Board and oversight by the Supervisory board. The Risk Office, Internal Audit and Compliance regularly report on relevant topics in the Audit and Risk Committee. In addition, the execution of the strategy is effected via a number of improvement processes aimed at the optimisation of the company's operational core processes and the promotion of a culture that, in addition to openness and transparency, also incorporates taking responsibility and ownership. For more information on this, see chapters 10. 'Strategy' and 13.2 'Corporate Governance' of this annual report.

### Procedural measures

The control framework consists of various formal procedural and organisational measures that Heijmans applies across the entire organisation. The culture, in which ownership plays an important role, also contributes significantly to risk management.

Heijmans also has a number of control mechanisms, including the planning and control cycle, monitoring, reviews and reporting, that have all been embedded in the organisation. These mechanisms are explained below.

### Key aspects within the control framework are:

- Management regulations and instructions for the management of operating companies/business units related to authorities, the acquisition of projects, entering into investment commitments, and reporting and accountability obligations.
- Conduct-related instruments such as the Heijmans Code of Conduct and the Transaction register at Heijmans Property Development - see chapter 13.2 'Corporate Governance' for more information on this.
- An accounting manual with rules for internal and external financial reporting and related procedures.
- Business process systems for the primary and secondary processes of the infra, construction and property development operations, including risk management systems, with the aim of achieving uniform processes across the group and sharing best practices. This includes a uniform SAP/ERP system across the entire organisation and a HR system (Workday).
- A register of statements as an extra safeguard for the integrity of senior management and specific positions. This includes the Certificate of Good Conduct and Personal Statement of Judicial Records.

### Heijmans' control mechanisms include:

- A planning and control cycle, with monthly reporting

by operational management on matters such as the trends in relevant markets, opportunities & risks, the financial situation relative to the budget, the financial and operational status of projects and safety.

- Tender guidelines, tender board, GO/NO GO procedures and gate reviews for tenders, with all category 3 tenders requiring the approval of the Executive Board. For each category 3 tender, the CRO supervises the production of an independent risk review, which is reported to the Executive Board.
- Regular project reviews: all projects are divided into various risk categories (1, 2 and 3). The Executive Board discusses risk category 3 projects at least once each quarter.
- Monthly Status Update Projects, in which projects recently taken into development and/or projects with a higher risk profile are discussed with the Executive Board and the CRO.
- Regular review meetings between the Executive Board and the business areas.
- The daily monitoring of movements in the liquidity position of business units and specific projects in relation to weekly updated liquidity forecasts.
- Audit programme aimed at compliance with control measures in the context of project-specific risks, and the control of group-wide operating process risks.

### Organisation and CRO

The Executive Board determines Heijmans' strategy and its related risk acceptance. Heijmans has an organisational structure in which the business areas are managed centrally with short lines of communication to the Executive Board. The central management teams of the business areas, the Executive Board and the staff departments are located at the head office in Rosmalen. This promotes an open and informal culture, which in turn makes the exchange of information both swift and efficient. The aim of the Chief Risk Officer (CRO) is to take risk management and a risk-aware culture to a higher level sustainably, at every level and across the entire breadth of the organisation. The Risk Office department, which operates under the CRO, provides the 2nd line of risk management within the organisation.

Risk Officers are involved in the categorisation of projects for pre-qualification and project selection. They issue an independent opinion on the risk profile of all category 3 tenders. They are deployed in both the substantive shaping of the 2nd line of risk management and the substantive execution of independent risk reviews of tenders and projects in realisation. They also assess the effectiveness of our primary operating processes.

The integrated CRO report is drawn up every quarter with

the aim of monitoring any developments in Heijmans' risk profile. In this context, we assess our project portfolio, legal claims, the development of our real estate and land holdings, the risk profiles of the business areas in terms of both 'running the business' (operations) and in terms of 'changing the business' (strategic development), and other internal and external risks that may have an impact on the company. This provides us with an impression of the impact, should these risks materialise. We also devote attention to cash and scenario analyses.

Through targeted steering in terms of both risk awareness and risk acceptance, Heijmans has brought more balance to its risk profile, resulting in a significant reduction in the company's risk profile in recent years. The business profile of both Building & Technology and Infra are more balanced due to a shift in the balance between CapEx and OpEx projects. By accepting more OpEx contracts (long-term maintenance contracts with an option for extension), Heijmans has secured a long-term supply of work, with a longer horizon and generally with a lower risk profile. There is also a better mix of large and smaller projects. On balance, this portfolio diversification has led to a reduction of our risk profile.

### Culture

Heijmans believes that the culture of the organisation is a significant factor in the management of risks. Due to the risks inherent in projects, they entail a certain level of unpredictability, and this cannot be mitigated entirely with guidelines and procedures. These require a certain level of flexibility and an open and action-oriented culture, in which people display sufficient ownership to quickly identify and discuss and solve any problems that may arise. The example set by the management is crucial to this, as is the willingness to call each other to account in the event of a failure to honour agreements, but also to point out items that have gone well. The use of conduct-related instruments, such as the Heijmans Code of Conduct and the GO! Compass provides employees with practical guidance on what Heijmans expects from them in terms of behaviour and what behaviour is deemed unacceptable.

### Internal guidelines and procedures

The Executive Board determines the operational parameters of the directors and management of the business areas. The powers related to project acquisition, entering into investment commitments and reporting and accountability obligations are embedded in management regulations and instructions to the management of the business areas.

Rules for internal and external reporting are laid down in the Accounting Manual, including related procedures,

such as the procedure for investments. The operating process system includes descriptions of the primary and secondary processes of the construction and property development operations, including risk management systems used to monitor and control project-related risks. This increases the uniformity of the process for the entire group. The Heijmans-wide SAP-based ERP platform is steadily increasing this uniformity. Heijmans has also designed tender process-related procedures that prevent the company from taking on any projects with irresponsible levels of risk.

### Planning and control cycle

The Executive Board consults with the management of the business areas and project managers on a regular basis and on an ad-hoc basis if this is deemed necessary. In these meetings, the Executive Board and the management review matters such as the developments in relevant markets, the financial situation in relation to the budget, the financial and operational status of projects, opportunities and risks and safety on the basis of monthly and quarterly reports. Projects in progress with a high-risk profile (primarily category 3 projects) are subject to separate regular project reviews with the Executive Board and the GRO, in the presence of the project manager in charge of the project. The monitoring of actual and estimated future liquidity movements is based on three reporting lines:

- Net debt is reported on a daily basis, such on a consolidated basis and per business area. This pertains to an overview of both all bank balances and the (project) financing facilities. The movement is then compared with the forecast. Inadequate liquidity is a key early warning criterion and is discussed immediately with the management in question.
- A liquidity forecast for the next thirteen weeks is drawn up on a weekly basis. Every two weeks, we conduct reviews with the management of the business areas to discuss these forecasts and the potential impact of individual projects on said forecasts. This reporting line is used to, among other things, gain a better understanding of the current liquidity movements and to gain advance insight into the sensitivities in said liquidity movements.
- A liquidity forecast for the next 12 months is drawn up each month. This is then used to assess whether the available financing facilities will be sufficient to meet the company's cash requirements. This forecast is also used to allocate each business area its own limit on in-house bank funding.

## Statements from management

- The managers responsible for a tender have to sign a dossier statement for every quote submitted.
- When joining the company, members of the senior management team and employees in specific positions are asked to provide a Personal Statement of Judicial Records and a Certificate of Good Conduct (verklaring omtrent gedrag - VOG) issued by their local council, as an extra safeguard for integrity. The statements are also saved in the personnel file of the employee in question. The employees in question provide a new personal statement every three years.
- Upon the publication of the interim and annual results, the management of the business areas submit a confirmation letter, in which they affirm, among other things, that all relevant information is accurate and has been incorporated in full in the figures, and that it has been explained in sufficient detail in the reports of the business areas concerned.

## Audits

Heijmans has an internal risk and audit manager, whose primary task is to initiate and conduct sufficient operationally focused audits, including clear feedback reporting to the management in question. Heijmans has an audit strategy based on three core values: Risk-based, Result-focused and Commitment.

In 2021, in addition to the norm audits and external audits, the risk and audit manager oversaw more than 100 risk audits. The key findings of these audits were shared with the group board and the Supervisory Board's Audit and Risk committee on a quarterly basis. Any suggested improvements as a result of these audits are recorded in improvement registers. These registers are used to monitor the follow-up on the improvement measures. In 2021, we made a start on a tool that can support the entire process of audits and deviations. We expect to implement this tool in 2022.

In 2021, the thematic audits we handled included the following: Weighing and establishing opportunities and risks for projects, GDPR in seven risk areas, procurement process, ERP control organisation, handling price-sensitive information, Integrity and fiscal handling of expense statements.

In consultation with the Executive Board, we identified a number of focal points for the audit programme for the coming year. The focus of the audit programme in 2022 will be on items that are vital to (financially) successful projects: Introduction of ProjectID at building sites (repeat), predictability, performance indicators, valuation of opportunities and risks (repeat), embedding of sustainability goals and GDPR (repeat).



Heijmans' external auditor EY will audit the annual financial statements.

### Risks and mitigating measures

Strategic risks have an impact in the medium to long term or the long term. Important considerations in this respect are having the knowledge and expertise required, and ensuring the correct deployment of people and equipment.

In principle, the Executive Board monitors strategic risks. The Executive Board continuously analyses and evaluates the development of the operational activities in relation to the attractiveness and development of markets and market segments. The Executive Board also initiates actions with the aim of turning identified risks into opportunities. In 2021, Heijmans continued to implement its strategy, which in addition to continuous improvement – 'better' - defines 'smart' and 'sustainable' as strategic pillars (see also chapter 10. 'Strategy').

Appendix 15.3 to this annual report includes a more detailed overview of the strategic, operational, financial, legal and compliance risks and associated mitigating measures. In this overview, we indicate whether the risk is high, moderate or low for Heijmans and how it is developing by indicating whether the risk has become smaller, greater or stayed the same compared with the previous year.

### Risk statement

In 2021, Heijmans focused on compliance and the effectiveness of the additional risk-mitigating measures introduced in recent years. These included:

- Implementation and effectiveness of GDPR organisation and guidelines.
- Embedding of cyber security and GDPR in consortiums and partnerships.
- Refining and complying with tender guidelines and guideline on consortium forming.
- More uniform and cautious valuation of risks and non-valuation of opportunities as long as an opportunity is less than 100% in projects.
- Process consultations with the appointed process owners, and those responsible for optimisations and embedding.
- Continued development of the GRC (Governance-Risk-Compliance) model in line with the COSO model to identify any gaps and priorities.

Partly in view of the above, the Executive Board can state that, given the current situation, it was justified to prepare the financial statements on the assumption that

Heijmans will continue as a going concern and that the risk and control systems generally functioned properly. With respect to financial reporting risks, Heijmans' internal risk and control systems provide a reasonable level of certainty that the financial reporting as shown in the financial statements for 2021 (pages 161 through 243) do not, to our knowledge, contain any material misstatements.

However, it is not possible to provide absolute certainty. Heijmans can therefore not guarantee the absence of material errors, fraud or the violation of legal regulations. This annual report includes an explanation of the material risks and uncertainties relevant to the expectation that the Company will continue as a going concern for a period of twelve months after this report was prepared.

The optimisation and monitoring of the functioning of the internal risk management and control systems remains a key priority for the Executive Board. In the year under review, the Executive Board and the Audit and Risk committee, as well as the entire Supervisory Board, discussed the structure and operation of the internal risk management and control systems intensively and frequently. In the year under review, there were no integrity issues that had an impact on the company's risk profile.





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# Financial statements 2021

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These financial statements are an English translation of the financial statements prepared in Dutch on 25 February 2022. In case of any discrepancies or possible differences in interpretation between this translation and the financial statements prepared in Dutch on 25 February 2022, the latter prevail.

Financial statements in Dutch: <https://www.heijmans.nl/nl/media-ir/investor-relations/jaarverslag-publicaties/>

# 1. Consolidated statement of profit or loss

x € 1.000

		2021	2020
6.2	Revenue	1.748.484	1.746.468
	Cost of sales	-1.500.871	-1.547.144
<b>Gross profit</b>		<b>247.613</b>	<b>199.324</b>
6.3	Other operating income	1.127	3.081
	Selling expenses	-46.686	-40.012
6.4	Administrative expenses	-111.834	-105.720
6.5	Other operating expenses	-35.021	-1.021
<b>Operating result</b>		<b>55.199</b>	<b>55.652</b>
6.6	Finance income	621	1.397
6.6	Finance expense	-5.936	-6.251
6.12	Results of joint ventures and associates	5.082	-10.760
<b>Result before tax</b>		<b>54.966</b>	<b>40.038</b>
6.7	Income tax	-4.667	110
<b>Result after tax</b>		<b>50.299</b>	<b>40.148</b>
The entire result after tax is attributable to the shareholders of the parent company			
<b>Earnings per share (in €)</b>			
6.20	Earnings per ordinary share after tax	2,24	1,85
6.20	Earnings per ordinary share after tax and dilution effects	2,24	1,85

Other operating expenses include a charge of €34 million relating to the provision formed for Wintrack II. See note 6.29 Management estimates and judgements for further information.

## 2a. Consolidated statement of comprehensive income

x € 1.000

	2021	2020
<b>1. Result after tax</b>	<b>50.299</b>	<b>40.148</b>
Other comprehensive income that after initial recognition is possibly reclassified to the statement of profit or loss:		
Effective portion of changes in the cash flow hedges for joint ventures	0	666
Other comprehensive income that is never reclassified to the statement of profit or loss:		
Changes in actuarial results on defined-benefit plans	-7.471	1.884
Tax effect on changes in actuarial results on defined-benefit plans	1.867	-471
Tax effect relating to defined benefit pension plans in connection with rate change	1.025	2.921
<b>Other comprehensive income (after tax)</b>	<b>-4.579</b>	<b>5.000</b>
<b>Comprehensive income</b>	<b>45.720</b>	<b>45.148</b>

The entire comprehensive income is fully attributable to the shareholders of the parent company.

## 2b. Consolidated statement of changes in equity

x € 1.000

	2021	2020
<b>Balance at 31 December in the previous year</b>	226.409	177.964
Result after tax	50.299	40.148
Other comprehensive income	-4.579	5.000
<b>Comprehensive income for the reporting period:</b>	<b>45.720</b>	<b>45.148</b>
Transactions with owners of the Group:		
Bonus Investment Share Matching Plan	-4	47
Dividend payments	-7.634	0
Share issue	3.094	3.250
<b>Balance at 31 December</b>	<b>267.585</b>	<b>226.409</b>

See section 8 of the company financial statements for the breakdown of equity into the separate reserves and the movements concerned.

# 3. Consolidated statement of financial position

x € 1.000

Assets		31 December 2021	31 December 2020
<b>Non-current assets</b>			
6.9	Property, plant and equipment	59.032	45.206
6.10	Right-of-use assets	73.634	81.596
6.11	Goodwill	68.390	68.390
6.11	Other intangible assets	5.199	6.220
6.12	Joint ventures and associates	82.452	73.272
6.13	Loans granted to joint ventures	21.392	23.380
6.14	Deferred tax assets	33.123	34.705
		<b>343.222</b>	<b>332.769</b>
<b>Current assets</b>			
6.15	Strategic land holdings	108.323	126.415
6.15	Other inventories	77.001	88.972
6.16	Work in progress assets	74.492	66.240
6.8	Income tax assets	257	200
6.17	Trade and other receivables	178.566	140.979
6.18	Cash and cash equivalents	209.567	175.063
		<b>648.206</b>	<b>597.869</b>
<b>Total assets</b>		<b>991.428</b>	<b>930.638</b>

x € 1.000

Equity and liabilities		31 December 2021	31 December 2020
<b>Equity</b>			
2b	Issued capital	6.828	6.580
2b	Share premium	257.018	245.773
2b	Reserves	-30.015	-11.432
2b	Retained earnings from prior financial years	-16.545	-54.660
1	Result for the year after tax	50.299	40.148
		<b>267.585</b>	<b>226.409</b>
<b>Non-current liabilities</b>			
6.21	Interest-bearing loans and other non-current financing liabilities <sup>1</sup>	41.018	53.663
6.10	Lease liabilities	54.058	61.425
6.22	Employee benefits	24.496	15.791
6.23	Provisions	64.303	26.387
		<b>183.875</b>	<b>157.266</b>
<b>Current liabilities</b>			
6.21	Interest-bearing loans and other current financing liabilities <sup>1</sup>	4.173	3.103
6.10	Lease liabilities	19.626	19.698
6.24	Trade and other payables	308.679	326.375
6.16	Work in progress credit	184.934	170.297
6.8	Income tax liabilities	0	108
6.22	Employee benefits	600	575
6.23	Provisions	21.956	26.807
		<b>539.968</b>	<b>546.963</b>
<b>Total equity and liabilities</b>		<b>991.428</b>	<b>930.638</b>

<sup>1</sup> Interest-bearing loans include cumulative financing preference shares B totalling €30.7 million, of which €2.5 million is included in current liabilities (2020: €41.8 million which €3.1 million in current liabilities).

## 4. Consolidated statement of cash flows - indirect method

x € 1.000

		2021	2020
<b>Operating result</b>		<b>55.199</b>	<b>55.652</b>
<b>Adjustments for:</b>			
6.3	Gain on sale of non-current assets and property investments	-170	-1.316
6.9	Depreciation of property, plant and equipment	9.558	9.195
6.10	Depreciation of right-of-use assets	23.219	23.883
6.11	Amortisation of intangible assets	1.021	1.021
6.15	Adjustment of valuation of property investments and land portfolios, excluding joint ventures	2.100	2.499
	Change in working capital and long-term provisions	21.762	40.713
	<b>Operating result after adjustments</b>	<b>112.689</b>	<b>131.647</b>
	Interest paid	-4.457	-4.420
	Interest received	621	1.397
	Income tax paid	-23	-479
<b>Cash flow from operating activities</b>		<b>108.830</b>	<b>128.145</b>
6.9	Investments in property, plant, and equipment	-25.581	-16.368
6.9	Sale of property, plant and equipment	2.367	1.289
	Disposals of interest in joint ventures and associates	0	5.504
	Acquisition/expansion of interest in joint ventures and associates	-988	-18.072
6.12	Capital contributions to joint ventures and associates	-26.038	-26.158
	Capital repayments from joint ventures and associates	14.500	10.582
	Dividends received from joint ventures and associates	1.331	1.253
	Loans granted to joint ventures and associates	-3.197	-2.603
	Loans repaid by joint ventures and associates	5.185	11.252
<b>Cash flow from investing activities</b>		<b>-32.421</b>	<b>-33.321</b>
6.10	Principal portion of lease payments	-22.696	-25.897
	Dividend payments	-7.634	0
6.21	Interest-bearing loans drawn down	1.218	86
6.21	Interest-bearing loans repaid	-12.793	-3.322
<b>Cash flow from financing activities</b>		<b>-41.905</b>	<b>-29.133</b>
<b>Net cash flow in the period</b>		<b>34.504</b>	<b>65.691</b>
6.18	Cash and cash equivalents at 1 January	175.063	109.372
<b>6.18</b>	<b>Cash and cash equivalents at 31 December</b>	<b>209.567</b>	<b>175.063</b>

# 5. Accounting policies

Heijmans N.V. (referred to as the "Company") has its registered office in the Netherlands. The Company's consolidated financial statements for the 2021 financial year include the Company and its subsidiaries (collectively referred to as the 'Group') and the Group's investments in associates and interests in jointly controlled entities. The Group carries on construction and development activities in the Netherlands. The address of its headquarters is Graafsebaan 65, Rosmalen.

The Executive Board prepared the financial statements on 24 February 2022. These will be submitted for adoption by the General Meeting of Shareholders on 12 April 2022.

## (1) Statement of Compliance

The consolidated financial statements for 2021 were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

## (2) Basis of preparation

The financial statements are presented in thousands of euros. The financial statements are based on historical cost, unless otherwise stated.

The preparation of the financial statements in accordance with EU-IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and of revenue and expenses. The estimates and their underlying assumptions are based on experience and other factors that are considered reasonable. The estimates form the basis for calculating the carrying amounts of assets and liabilities that cannot easily be derived from other sources. Actual results could differ from these estimates. See also note 6.29, Management estimates and judgements.

The estimates and underlying assumptions are continually reassessed. Revised estimates are recognised in the period in which the estimate was revised, provided that the revision only affects that period. Revisions are

recognised in the reporting period and future periods if the revision also affects future periods.

The accounting policies described below have been consistently applied to all periods presented in these consolidated financial statements and to all entities in the Group.

## (3) Implications of new standards

The amendments to IFRS 4, IFRS 7, IFRS 9, IAS 16, and IAS 39 applicable to reporting periods commencing on or after 1 January 2021 do not have any material effect on the consolidated financial statements.

There are no new standards that are not yet mandatory which have a material effect upon the consolidated financial statements.

## (4) Accounting policies used for consolidation

### (4a) Subsidiaries (full consolidation)

A subsidiary is an entity over which the Group has direct or indirect control.

Control exists if the Group:

- a) has power over the entity;
- b) is exposed or has rights to variable returns because of its involvement with the entity; and
- c) can use its power over the entity to affect the size of these returns.

Each of these three criteria has to be satisfied to establish that the Group has control over a company in which it owns an interest. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases.

Business combinations are recognised according to the acquisition method, as from the date on which control is transferred to the Group. The transaction cost of an acquisition is recognised at fair value, as are the net identifiable assets acquired. Any resulting goodwill is tested every year for impairment. Any gain from a favourable purchase is recognised directly in profit or loss. Transaction costs are recognised when these are incurred,



unless they relate to the issue of debt or equity instruments. The transfer sum includes no amount for settling existing account balances. Such amounts are generally recognised in the statement of profit or loss. The fair value of a contingent payment is recognised on the date of acquisition. If this conditional payment is classified as equity, it is not subsequently remeasured. Instead, the settlement figure is recognised in equity. In other cases, adjustments after initial recognition are recognised in profit or loss.

In a step acquisition of an interest that does not qualify as a company, the existing interest is not remeasured to fair value.

Verbree B.V. was acquired in 2021. Given the insignificant financial interest involved, this acquisition is not disclosed separately.

#### **(4b) Joint ventures and associates (equity method)**

A joint venture is a joint arrangement in which the Group has joint control together with other parties, and has a right to the net assets of the joint venture. The parties involved have agreed contractually that control is shared and that decisions concerning relevant activities require unanimous approval from the parties having joint control over the joint venture. A joint venture is recognised from the date on which the Group shares control until the date on which this ceases.

An associate is an entity over which the Group has significant influence, but cannot exercise control. Significant influence is presumed to exist when the Group holds 20% or more of the voting rights. An associate is recognised from the date on which the Group has significant influence until the date on which this ceases. Joint ventures and associates are recognised in accordance with the equity method and are initially recognised at acquisition cost. The investments of the Group include the goodwill determined during acquisition. The consolidated financial statements include the Group's proportionate share of the comprehensive income determined in accordance with the Group's accounting policies. If the Group's share of the losses is greater than the value of the interest in a joint venture or associate, the value of the interest is written down to nil. No further losses are then

recognised except insofar as the Group has made a commitment or intends to recognise the losses.

#### **(4c) Joint operations (proportionate recognition)**

Joint operations are arrangements over which the Group exercises control jointly with third parties. For its share in a joint operation, the Group recognises its assets (including its share of the assets held jointly), liabilities (including its share of the liabilities incurred jointly), revenue (including its share of the revenue from the output of the joint operation) and expenses (including its share of the expenses incurred jointly). In practice, the method for recognising joint operations is comparable to that used for proportionate recognition.

#### **(4d) Elimination of transactions on consolidation**

Intragroup balances and any unrealised income and expense arising from intragroup transactions are eliminated when preparing the consolidated financial statements.

Unrealised income from transactions with associates, joint ventures and joint operations are eliminated in proportion to the Group's interests in the entities concerned.

#### **(5) Transactions in foreign currency**

Transactions in foreign currency are translated into euros at the exchange rate prevailing on the transaction date.

#### **(6) Revenue from contracts with customers**

Revenue is recognised if the Group has entered into a contract with a customer in which the performance obligations can be identified and the terms of the transaction are clear and where the contract is of undeniable economic importance. It must also be probable that the customer will pay. Revenue is recognised on each individual contract. Revenue from portfolios of contracts with similar features is recognised on a portfolio basis if the result is not materially different from the revenue measured on an individual basis. If a contract involves several performance obligations, revenue is separately attributed to the performance obligations concerned based on relatively stand-alone selling prices.

Revenue is recognised at the time when the customer takes control of the fulfilled performances. Variable consideration is only recognised if it is highly probable that a significant revenue reversal will not occur:

- Revenue from additional work is included in the overall contract revenue if the client has accepted the sum involved in any way.
- Claims and incentives are recognised in the amount for work in progress where they derive from enforceable rights, it is highly probable that they will lead to revenue and can be reliably measured.
- Unless it is highly unlikely that a penalty will be applied, the amount of any penalties will be deducted from the revenue.

If the results from a contract cannot be determined reliably, contract revenue is only recognised insofar as it is probable that the costs incurred can be covered by revenue.

If a contract contains a significant financing component, the Group adjusts the revenue accordingly. This is not done if the time between the fulfilment of the performance obligation and the payment of the consideration is less than one year.

Expected contract losses are recognised immediately in the statement of profit or loss. In measuring the amount of provisions for losses, the Group proceeds on the basis of the economic benefits expected to be received compared with the attributable costs of the contract (see also accounting policy 24d concerning onerous contracts).

#### **(6a) Sales of goods - mainly land**

Revenue from the sale of goods - mainly land - is recognised at the agreed consideration or attributed consideration where the transfer of title to the land forms part of a combined purchase/construction contract in the case of residential projects. The revenue from the land is recognised at the time of legal conveyance.

#### **(6b) Work in progress - projects**

The revenue relating to work in progress is recognised in the statement of profit or loss when control is transferred to the client. Since the Group executes projects on land owned by the client, the client obtains control by

accession according to progress made in completion of the project. The stage of completion is assessed by reference to the proportion of costs recorded in relation to the total expected costs to the extent that the costs incurred are representative of the progress made in the transfer of goods/services to the client. Inefficiencies are disregarded in determining the stage of completion.

#### **(6c) Services**

Revenue from the provision of services - mainly servicing and maintenance activities - is recognised in the statement of profit or loss in proportion to the work performed, since the client receives the benefits from and has use of the services at the same rate. The stage of completion is determined from assessments of the work already carried out.

### **(7) Other operating income**

Gains on the sale of assets and entities disposed of and gains on the contribution of assets to newly established joint arrangements are accounted for as other operating income. On contribution of assets to joint arrangements, any gains are eliminated in proportion to the Group's interest in the arrangement.

### **(8) Costs**

#### **(8a) Cost of sales**

The cost of sales is made up of the carrying amount of goods sold and the costs allocated to the fulfilled performance obligations, including the expected losses on projects that are recognised immediately in the statement of profit or loss in accordance with accounting policy 24d.

#### **(8b) Selling expenses**

Selling expenses are the costs of sales activities that are not charged to projects.

#### **(8c) Administrative expenses**

The administrative expenses represent general expenses that are not costs of sales and are not charged to projects.

#### **(8d) Finance income and expense**

Net financing costs comprise interest payable on

borrowings and lease commitments, dividends on cumulative financing shares B and interest receivable on funds invested.

Financing expenses that can be directly allocated to the acquisition, construction or production of a qualifying asset are capitalised as part of the costs of that asset during the period that the asset is under development.

The interest component of the lease payments is recognised in the statement of profit or loss and is calculated using the effective interest method.

## **(9) Income tax**

Deferred tax assets and liabilities are recognised in respect of available tax loss carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the values used for taxation purposes. A deferred tax asset or liability is not recognised to the extent that it arises from initial recognition of goodwill or initial recognition of assets or liabilities in a transaction that is not a business combination or which, at the time the transaction, does not affect accounting or taxable profit. The amount of the deferred tax assets and liabilities is based on the manner in which the expected asset and liability carrying amounts will be realised or settled, based on the income tax rates that have been enacted or substantively enacted on the reporting date.

Deferred tax assets and liabilities are set off against each other if there is a right enforceable by law to set them off, and if these tax assets and liabilities are associated with income tax levied by the same tax authority on the same taxable entity, or on different taxable entities that intend to set them off or that will be realising the tax assets at the same time as the tax liabilities.

Income tax recognised in the statement of profit or loss during the financial year comprises the income tax owed or refundable over the reporting period and the deferred income tax. The income tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income. In that case,

the relevant portion of the income tax is recognised in other comprehensive income.

The income tax owed or refundable over the financial year is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted on the reporting date, as well as adjustments to tax payable in respect of previous years.

A deferred tax asset (net of any deferred tax liability) is recognised only to the extent that it is probable that future taxable profits will be available that can be utilised towards realising the deferred asset. The amount of the deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income tax that arises from the distribution of dividends is recognised at the same time as the liability to pay the related dividend is recognised.

## **(10) Property, plant and equipment**

### **(10a) Assets in ownership**

Items of property, plant and equipment are measured at cost or estimated cost less accumulated depreciation (see below) and impairments (see accounting policy 20). Cost includes costs that can be directly allocated to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour costs, financing costs and any other costs that can be directly allocated to making the asset ready for use, as well as any costs of dismantling and removing the asset and restoring the site where the asset is located. The costs of self-constructed assets and acquired assets include (i) the initial estimate at the time of installation of the costs of dismantling and removing the assets and restoring the site on which the assets are located and (ii) changes in the measurement of existing liabilities recognised in relation to the costs identified in (i) above.

### **(10b) Expenses after initial recognition**

The Group includes the cost of replacing part of an asset in the carrying amount of items of property, plant and equipment when the cost is incurred. This occurs if it is likely that the future economic benefits of the asset will

accrue to the Group and the cost price of the asset can be reliably determined. All other expenses are taken to the statement of profit or loss when these are incurred.

### (10c) Depreciation of property, plant and equipment

Depreciation is recognised in the statement of profit or loss using the straight-line method over the estimated useful life of each part of an item of property, plant or equipment. The residual values are reassessed on an annual basis. Depreciation is not applied to land. The estimated useful lives are as follows:

- Buildings: main building structures and roofs: 30 years
- Buildings: technical equipment: 15 years
- Buildings: interior walls: 10 years
- Office equipment: 3-10 years
- Machines: 5-10 years
- Installations: 5-10 years
- Large-scale equipment and other capital assets: 3-10 years

### (10d) Investment property

Given its marginal importance, investment property (property held for its rental income and/or increase in value) is recognised under property, plant and equipment. Investment property is measured at cost, less accumulated depreciation and impairment losses. Cost includes costs that can be directly allocated to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour costs, financing costs and any other costs that can be directly allocated to making the asset ready for use, as well as any costs of dismantling and removing the asset and restoring the site where the asset is located.

## (11) Right-of-use assets

On the commencement date (the date on which the asset concerned becomes available for use), the Group recognises a corresponding right-of-use asset. The right-of-use asset is measured at cost less depreciation and impairment, adjusted for any revaluation of the lease liability. Cost is made up of the recognised amount of the lease liability, initial direct costs and lease instalments paid prior to the commencement date, less lease incentives

received. Unless the Group is reasonably certain that it will acquire ownership of the underlying asset at the end of the lease period, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the following two dates: the end of the period of use or the end of the lease period. Improvements made to leased assets are depreciated over a period that is shorter than or the same as the period used for the leased asset concerned. Right-of-use assets are subject to impairment testing.

Non-lease components, specifically amounts for maintenance and fuel that are included in the lease instalments, are not recognised if these amounts are readily determined and are material. In practice, this applies to the non-lease payments for cars. For the other leases, use is made of the practical expedient of treating the non-lease components in the same manner as lease components.

The Group makes use of the practical expedient of not recognising short-term leases (with a lease period of less than 12 months and no purchase option) and the same applies to leases where the new value of the underlying asset is low (less than €5,000). The lease instalments for such leases are accounted for in the operating expenses over the period concerned.

The lease period relates to the non-cancellable period of the lease together with the periods covered by a renewal option if it is reasonably certain that the Group will exercise this option and periods covered by a termination option if it is reasonably certain that the Group will not exercise this option.

## (12) Intangible assets

### (12a) Goodwill

All business combinations are recognised using the acquisition method. Goodwill is the amount that arises from the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the net fair value of the identifiable assets and liabilities at the time of acquisition. An impairment test is carried out every year (see accounting policy 20).

Negative goodwill arising from an acquisition is recognised directly in the statement of profit or loss.

### (12b) Other intangible assets

Intangible assets acquired by the Group that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairments.

### (12c) Amortisation

Regarding goodwill, an impairment test is systematically performed every year at the reporting date to determine whether there are any impairments. The other intangible assets are amortised through the statement of profit or loss on a straight-line basis over the expected useful lives of the intangible assets, and undergo periodic impairment testing (see accounting policy 20). The estimated useful lives of the intangible asset categories are as follows:

- Customer base: 5-20 years
- Order book: 4 years
- Sand quarry concession 5-15 years
- Brand: 5-10 years

### (12d) Expenses after initial recognition

Expenditure on intangible assets, other than goodwill, is only capitalised after initial recognition if it is expected to increase the future economic benefits that are inherent in the specific asset to which the expenditure relates. All other items of expenditure are recognised as costs in the statement of profit or loss when these are incurred.

## (13) Financial instruments

A financial instrument is a contract that leads to a financial asset or financial liability for the Group.

### (13a) Financial assets

The Group's main financial assets are:

- Loans granted (see accounting policy 14)
- Trade and other receivables (see accounting policy 17)
- Cash and cash equivalents (see accounting policy 18)

Financial assets are classified as assets that are:

- carried at amortised cost after initial recognition, or
- carried at fair value with gains and losses included in the other components of comprehensive income, or

- carried at fair value with gains and losses accounted for in profit or loss.

This classification is based on the Group's business model for the management of the financial assets and the features of the contractual cash flows from the financial asset. The financial assets are to be carried at amortised cost (a) if both of the following conditions are satisfied:

- the financial asset is held as part of a business model aimed at holding financial assets for the purpose of receiving contractual cash flows, and
- the contractual terms of the financial asset give rise on certain dates to cash flows exclusively concerning repayments of principal and interest payments on the outstanding amount.

Both conditions are satisfied in the case of the above financial assets. The financial assets are carried at amortised cost. On initial recognition, the amount of financial assets carried at amortised cost is measured using the effective interest method and is subject to impairment. Gains and losses are recognised in profit or loss when the asset matures, is settled, is revised or is subject to impairment.

Financial assets are recognised less a provision for expected credit losses. The amount of this provision is measured as the amount of the expected credit losses over the coming 12 months, based on the credit rating of the client. Subsequently, as long as there is no significant deterioration in the credit risk, the credit loss provision continues to be measured at the amount of the 12-month expected credit losses. If, however, a significant increase in the credit risk occurs, on either an individual or a collective basis, the amount of the expected credit loss provision is measured as the expected credit losses over the entire term to maturity of the instrument. In the case of trade receivables and work in progress assets, the simplified approach permitted by IFRS 9, involving consistent recognition of a loss allowance at an amount equal to lifetime expected credit losses, has been used.

### (13b) Financial liabilities

The Group has the following financial liabilities:

- Cumulative financing preference shares (see accounting policy 22a)

- Interest-bearing loans (see accounting policy 22b)
- Trade and other payables (see accounting policy 25)

These liabilities are carried at amortised cost after initial recognition, using the effective interest method. When a financial liability (or a part thereof) is eliminated or expires, it ceases to be recognised.

Swapping of debt instruments involving the same lender on substantially different terms is treated as a settlement of the original financial liability and recognition of a new financial liability. The same applies when the terms of an existing financial liability are substantially altered.

The difference between the carrying amount of a financial liability (or part thereof) that is redeemed or is transferred to a third party and the amount paid, including any transfer of assets other than cash and cash equivalents or assumed liabilities, is recognised in profit or loss.

### **(13c) Netting of financial assets and liabilities**

Financial assets and financial liabilities are netted off and presented as a net amount in the statement of financial position if

- the Group has a legally enforceable right to net the amounts off, and
- the Group intends to settle the liability on a net basis or to realise the asset simultaneously with the settlement of the liability.

## **(14) Loans granted**

Loans granted form part of the financial assets (see accounting policy 13a). Loans granted that do not meet both conditions cited in accounting policy 13a are carried at fair value with gains and losses accounted for in profit or loss. Loans granted that meet both conditions referred to are measured at amortised cost using the effective interest method, less impairments.

## **(15) Inventories**

### **(15a) Strategic land holdings**

The strategic land holdings represent the reported land

holdings that are managed centrally in the Company's strategic land portfolio. These holdings are acquired and held for future property development. The interest and development costs for land holdings that are under development are capitalised. The land holdings are measured at the lower of cost and net realisable value.

### **(15b) Other inventories**

Other inventories includes unsold residential property in preparation and under construction (including planning and building consents), raw materials and consumables finished products (including land and premises for sale).

Inventories is measured at cost, or at net realisable value if lower. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories includes expenditure incurred in acquiring the inventories, the production or conversion costs, and the other costs incurred in bringing the inventories to its current location and current condition. The cost of inventories includes an appropriate share of production overheads based on normal operating capacity, as well as the attributable financing expenses. For fungible inventories the first-in, first-out (FIFO) principle applies.

Land and premises for sale concerns land and premises that have been technically delivered as developed but which on the reporting date were not sold to third parties. The inventories of land and premises for sale is valued at cost (including interest and allocated overhead costs), less any write-downs relating to a lower net realisable value as a consequence of the risk of inability to sell or rent.

## **(16) Work in progress assets**

Work in progress assets concern the right to consideration in respect of work on projects carried out and transferred to the client. In practical terms, the item is made up of the revenue (see also accounting policy 6) in proportion to the progress in fulfilling the performance obligation less invoiced instalments. Total expected project losses, if any, are directly recognised as expenses in the relevant period and are accounted for on the balance sheet in provisions

(see also accounting policy 24d). Work in progress assets are measured taking account of expected credit losses in a way similar to the method used for trade and other receivables (see accounting policy 17).

### **(17) Trade and other receivables**

Trade and other receivables form part of the financial assets (see accounting policy 13a). Trade and other receivables are carried at amortised cost less a provision for expected credit losses. In measuring the amount of the provision for expected credit losses, use is made of the simplified approach involving consistent recognition of an allowance at an amount equal to lifetime expected credit losses. Amounts still to be invoiced relating to concluded projects are recognised under trade and other receivables.

### **(18) Cash and cash equivalents**

Cash and cash equivalents form part of the financial assets (see accounting policy 13a). Cash and cash equivalents comprise cash and bank balances and other call deposits. Current account overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statement of cash flows.

### **(19) Assets held for sale and discontinued operations**

Non-current assets (or groups of assets and liabilities that are to be disposed of), for which it is expected that the carrying amount will probably be realised within one year mainly by means of a sale transaction and not through continued use, are classified as held for sale (or held for distribution), after it is established that the relevant conditions have been met. Immediately preceding this classification, the assets (or the components of a group of assets to be disposed of) are measured again in accordance with the Group's accounting policies. The assets or group of assets to be disposed of are generally measured at the carrying amount or the fair value less sale costs, if lower. Any impairment loss on a

group of assets held for sale is first allocated to goodwill and then pro rata to the remaining assets and liabilities, subject to the restriction that impairment losses are not allocated to inventories, financial assets, deferred tax assets or employee benefits, all of which are measured in accordance with the Group's accounting policies. Impairment losses arising from the initial classification as held for sale or distribution and gains or losses on revaluation arising after initial recognition are recognised in the statement of profit or loss. If the gain concerned exceeds the accumulated impairment loss, the difference is not recognised.

A discontinued operation is an element of the Group's operations that represents a separate significant business activity or separate significant geographical business area that has been disposed of or is held for sale or distribution, or a subsidiary that has been acquired solely for the purpose of resale. Classification as a discontinued operation occurs upon disposal, or when the operation meets the criteria for classification as held for sale, if earlier. If an operation is designated as a discontinued operation, the comparative figures in the statement of profit or loss are restated as if the operation had been discontinued from the beginning of the comparative period.

### **(20) Impairments**

The carrying amounts of the Group's non-financial assets, excluding work in progress assets (see accounting policy 16), inventories (see accounting policy 15) and deferred tax assets (see accounting policy 9), are reviewed each reporting date to determine whether there is any indication of impairment. If there are such indications, an estimate is made of the recoverable amount of the asset concerned.

For goodwill, intangible assets with an unlimited useful life, and intangible assets that are not yet ready for use, the recoverable amount is estimated at the reporting date

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

#### **(20a) Determination of recoverable amount**

The recoverable amount of an asset is equal to the higher of its net selling price and its value in use. To determine the value in use, the discounted value of the estimated future cash flows is calculated using a discount rate that reflects current market rates as well as the specific risks associated with the asset. For any asset that does not generate cash inflows and is largely independent of other assets, the recoverable amount is determined on the basis of its cash-generating unit.

#### **(20b) Reversal of impairments**

Impairment losses in respect of goodwill are never reversed.

In respect of other assets, impairments recognised in other periods are reversed if there is an indication that the impairment no longer exists or has decreased and if there has been a change in the estimates used to determine the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

### **(21) Share capital**

#### **(21a) Costs of issuing ordinary shares**

Costs directly attributable to the issuing of ordinary shares are charged to equity, after deduction of any tax effects.

#### **(21b) Repurchase of own shares**

If shares representing capital that is recognised as equity in the statement of financial position are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury

shares and are presented as a deduction from total equity.

#### **(21c) Dividend**

Dividends are recognised as a liability in the period in which these are declared.

### **(22) Interest-bearing liabilities**

Interest-bearing loans form part of the financial liabilities (see accounting policy 13b), except for lease liabilities (see accounting policy 22c).

#### **(22a) Financing preference share capital**

Preference share capital is classified as a liability because the dividend payments are not discretionary. Dividends on preference share capital are recognised as interest expense in the statement of profit or loss.

#### **(22b) Loans**

Interest-bearing loans are initially recognised at fair value less attributable transaction costs. Any difference between the amortised cost and the redemption amount calculated by the effective interest method is recognised in the statement of profit or loss over the term of each such loan.

#### **(22c) Lease liabilities**

On the commencement date of the lease, the Group measures the liability at the net present value of the fixed lease payments that have not yet been made as at that date. These include lease payments (including in-substance fixed lease payments) less lease incentives still to be received, variable lease payments depending on an index or rate and amounts expected to be payable under residual value guarantees. The lease payments also include the purchase option price if it is reasonably certain that the Group will exercise this option. The lease payments also include the penalties for termination of the lease if the lease period reflects the exercise by the Group of an option to terminate the lease. Variable lease payments not depending on an index or rate are expensed in the period in which the event or circumstance giving rise to these payments occurs.

In calculating the net present value of the lease



payments, the Group makes use of the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the liability is increased in respect of interest and reduced by the lease payments made. The Group re-measures the liability in the event of a change in the lease agreement, an adjustment of the lease period, a review of an in-substance fixed lease payment or a change in the assessment thereof or use is made of a purchase option.

## **(23) Employee benefits**

### **(23a) Defined-contribution plans**

Commitments for contributions to defined-contribution pension plans are recognised as an expense in the statement of profit or loss when they are due.

### **(23b) Defined-benefit plans**

The Group's net obligation in respect of defined-benefit pension plans is calculated separately for each plan by estimating the amount of future pension benefit that employees have earned in return for their service in the reporting period and in previous periods. The discounted present value of these pension benefits is determined, and is reduced by the fair value of the plan assets. The discount rate is the yield at the reporting date on high-quality corporate bonds that have terms to maturity approximately the same as the terms of the Group's liabilities. The calculation is performed by a qualified actuary using the projected unit credit method. This method takes into account future salary increases resulting from employee career opportunities and general salary increases, including adjustments for inflation.

If the entitlements under a plan are changed, or a plan is curtailed, the resulting change in entitlements relating to past service, or the gain or loss on the closure, as the case may be, is recognised directly in the statement of profit or loss.

Actuarial gains and losses are recognised directly as other comprehensive income that will never be reclassified to the statement of profit or loss.

If the result of the calculation is a potential asset for the Group, recognition of the asset is limited to the present value of the economic benefits available as possible future refunds from the plan or lower future contributions. When calculating the present value of the economic benefits, possible minimum financing obligations that apply are taken into account.

### **(23c) Long-term employee benefits**

The Group's net liability in respect of long-term employee benefits, other than pension plans, is the amount of future benefits that employees have accrued in return for their service in the reporting period and in previous periods, such as long-service payments, bonuses and incentives. The liability is calculated using the projected unit credit method and is discounted to determine its present value. The discount rate is the yield at the reporting date on high-quality corporate bonds that have terms to maturity approximately the same as the terms of the Group's liabilities. Actuarial gains and losses on these benefits are recognised in the statement of profit or loss.

### **(23d) Severance payments**

Severance payments are recognised as an expense if the Group has shown that it is committed to terminating the employment contract of an employee or group of employees before the normal retirement date, by producing a detailed, formal plan, without there being a realistic option of the plan being withdrawn.

## **(24) Provisions**

A provision is recognised in the statement of financial position if the Group has a present legal or actual liability that is the result of a past event and it is probable that its settlement will require an outflow of funds. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where necessary, the risks specific to the liability. The accrued interest on provisions is treated as a financing charge.

### **(24a) Warranties**

A provision for warranties is recognised after the underlying products or services have been sold and delivered. The

provision is made for costs that must be incurred to correct deficiencies that appear after delivery but during the warranty period.

**(24b) Restructuring**

A restructuring provision is recognised (i) when the Group has approved a detailed and formal restructuring plan and (ii) the restructuring has either commenced or been publicly announced.

**(24c) Environment**

A provision for restoration of contaminated and is formed in accordance with the Group's environmental policy and applicable legal requirements.

**(24d) Onerous contracts**

A provision for onerous contracts is recognised if the economic benefits (i.e. the probable revenues) that the Group expects to receive from a contract are lower than the costs of meeting the contractual obligations, unless the net costs of terminating the contract are lower. For contracts concerning the execution of works, these costs are the costs attributable to the outstanding performance obligations. Where appropriate, the Group recognises impairment losses on any assets associated with the contract prior to forming the provision.

**(25) Trade and other payables**

Trade and other payables form part of the financial liabilities (see accounting policy 13b). Trade and other payables are recognised at amortised cost.

**(26) Work in progress credit**

Work in progress liabilities relates to work yet to be performed for clients on projects for which the Group has received a consideration from the client (or the client owes an amount). In practical terms, the item comprises the invoiced instalments less the revenue in proportion to the progress in fulfilling the performance obligation (see also accounting policy 6). Total expected project losses, if any, are directly recognised as expenses in the relevant period and are accounted for in the statement of financial position in provisions (see also accounting policy 24d).

**(27) Statement of cash flows**

The statement of cash flows is prepared using the indirect method.

**(28) Segment reporting**

A segment is a clearly distinguishable operation of the Group. The segments are identified in accordance with the classification used by the Executive Board when taking operational decisions. The Group distinguishes the following segments: Property Development, Building & Technology and Infra.

# 6. Notes related to the consolidated financial statements

x € 1.000

## 6.1 Segment reporting

The Group distinguishes the following segments: The Group distinguishes the following segments: Property Development, Building & Technology and Infra, in line with the management conducted by the Executive Board. The segments are managed primarily on the basis of underlying EBITDA. The segment figures include data that can be allocated to a segment either directly or on reasonable grounds.

### Verkorte winst-en-verliesrekening naar bedrijfssegment

2021 Business segments	Property Development	Building & Technologu	Infra	Other/ Eliminations	Total
<b>Revenue</b>					
Third parties	548.184	484.621	715.371	308	1.748.484
Intercompany	-	304.026	22.221	-326.247	0
<b>Total revenue</b>	<b>548.184</b>	<b>788.647</b>	<b>737.592</b>	<b>-325.939</b>	<b>1.748.484</b>
<b>Operating result</b>	<b>24.991</b>	<b>22.258</b>	<b>17.352</b>	<b>-9.402</b>	<b>55.199</b>
Finance income					621
Finance expense					-5.936
Results of joint ventures and associates	6.297	-1.183	-86	54	5.082
<b>Result before tax</b>					<b>54.966</b>
Income tax					-4.667
<b>Result after tax</b>					<b>50.299</b>

2020 Business segments	Property Development	Building & Technologu	Infra	Other/ Eliminations	Total
<b>Revenue</b>					
Third parties	481.935	625.103	639.304	126	1.746.468
Intercompany	-	295.393	22.395	-317.788	0
<b>Total revenue</b>	<b>481.935</b>	<b>920.496</b>	<b>661.699</b>	<b>-317.662</b>	<b>1.746.468</b>
<b>Operating result</b>	<b>20.570</b>	<b>29.564</b>	<b>18.013</b>	<b>-12.495</b>	<b>55.652</b>
Finance income					1.397
Finance expense					-6.251
Results of joint ventures and associates	4.781	-16.681	544	596	-10.760
<b>Result before tax</b>					<b>40.038</b>
Income tax					110
<b>Result after tax</b>					<b>40.148</b>

x € 1.000

### Underlying EBITDA by business segment

2021 In € million	Property Development	Building & Technology	Infra	Other	Total
<b>Underlying EBITDA</b>	<b>35,9</b>	<b>33,7</b>	<b>41,2</b>	<b>-4,4</b>	<b>106,4</b>
EBITDA of joint ventures	-6,8	1,1	-5,8	0,0	-11,5
Write-downs on land holdings/property assets	-3,0				-3,0
Restructuring costs		-1,1	-1,3	-0,5	-2,9
Total exceptional items	-9,8	0,0	-7,1	-0,5	-17,4
<b>EBITDA</b>	<b>26,1</b>	<b>33,7</b>	<b>34,1</b>	<b>-4,9</b>	<b>89,0</b>
Depreciation and amortisation	-1,1	-11,4	-16,7	-4,6	-33,8
<b>Operating result</b>	<b>25,0</b>	<b>22,3</b>	<b>17,4</b>	<b>-9,5</b>	<b>55,2</b>

The underlying EBITDA of the Infra segment includes the charge of €34 million relating to the provision formed for Wintrack II. See note 6.29 Management estimates and judgements for further information.

2020 In € million	Property Development	Building & Technology	Infra	Other	Total
<b>Underlying EBITDA</b>	<b>29,7</b>	<b>24,7</b>	<b>36,7</b>	<b>-5,9</b>	<b>85,2</b>
EBITDA of joint ventures	-5,8	16,2	-0,2	-0,4	9,8
Write-downs on land holdings/property assets	-2,2	-0,2			-2,4
Restructuring costs		-1,1	-2,0	-0,4	-3,5
Result on contribution of assets to joint arrangement			1,0	-0,3	0,7
Total exceptional items	-8,0	14,9	-1,2	-1,1	4,6
<b>EBITDA</b>	<b>21,7</b>	<b>39,6</b>	<b>35,5</b>	<b>-7,0</b>	<b>89,8</b>
Depreciation and amortisation	-1,1	-10,0	-17,5	-5,5	-34,1
<b>Operating result</b>	<b>20,6</b>	<b>29,6</b>	<b>18,0</b>	<b>-12,5</b>	<b>55,7</b>

Write-downs on land holdings/property assets in 2020 related to the net effect of write-downs on certain land holdings and the profit on sale of a property.

By underlying EBITDA, the Group is referring to earnings before interest, tax, depreciation and amortisation (equal to the operating result before depreciation/amortisation) including EBITDA of joint ventures and adjusted for any property write-down, restructuring costs, gains and losses on the sale of subsidiaries, any impairment losses on goodwill, release of pension indexation provisions and other non-operating results considered exceptional by the Group that are relevant in the above statement. The underlying EBITDA is also used as the basis of calculation for covenant reporting to the bank consortium.

x € 1.000

**Condensed statement of financial position and analysis by business segment**

<b>2021 Business segments</b>	<b>Property Development</b>	<b>Building &amp; Technology</b>	<b>Infra</b>	<b>Other</b>	<b>Eliminations</b>	<b>Total</b>
Assets	347.397	345.502	353.142	330.544	-418.210	958.375
Not allocated						33.053
<b>Total assets</b>	<b>347.397</b>	<b>345.502</b>	<b>353.142</b>	<b>330.544</b>	<b>-418.210</b>	<b>991.428</b>
Liabilities	231.484	299.110	294.078	224.034	-415.179	633.527
Not allocated						90.316
<b>Total liabilities</b>	<b>231.484</b>	<b>299.110</b>	<b>294.078</b>	<b>224.034</b>	<b>-415.179</b>	<b>723.843</b>
<b>Equity</b>						<b>267.585</b>
<b>Total equity and liabilities</b>						<b>991.428</b>
<b>Property, plant and equipment</b>						
Depreciation	28	2.088	4.337	3.105	-	9.558
Investments	-	1.982	15.119	8.480	-	25.581
<b>Right-of-use assets</b>						
Depreciation	1.075	8.328	12.320	1.496	-	23.219
<b>Intangible assets</b>						
Amortisation	-	1.021	-	-	-	1.021
<b>Joint ventures and associates</b>						
Carrying amount	62.872	1.500	17.786	294	-	82.452

x € 1.000

2020 Business segments	Property Development	Building & Technology	Infra	Other	Eliminations	Total
Assets	361.297	348.685	310.857	356.055	-481.373	895.521
Not allocated						35.117
<b>Total assets</b>	<b>361.297</b>	<b>348.685</b>	<b>310.857</b>	<b>356.055</b>	<b>-481.373</b>	<b>930.638</b>
Liabilities	275.905	306.412	258.372	236.845	-477.289	600.245
Not allocated						103.984
<b>Total liabilities</b>	<b>275.905</b>	<b>306.412</b>	<b>258.372</b>	<b>236.845</b>	<b>-477.289</b>	<b>704.229</b>
<b>Equity</b>						<b>226.409</b>
<b>Total equity and liabilities</b>						<b>930.638</b>
<b>Property, plant and equipment</b>						
Depreciation	28	646	4.462	4.059	-	9.195
Investments	-	1.406	11.535	3.427	-	16.368
<b>Right-of-use assets</b>						
Depreciation	1.060	8.360	13.004	1.459	-	23.883
<b>Intangible assets</b>						
Amortisation	-	1.021	-	-	-	1.021
<b>Joint ventures and associates</b>						
Carrying amount	49.885	-	21.355	2.032	-	73.272

Transactions between business segments are conducted on arm's length terms that are comparable to those for transactions with third parties. Assets not allocated mainly concern deferred tax assets. Unallocated liabilities mainly concern interest-bearing loans, other financing commitments and VAT payable.

By the nature of its operations, the Infra segment is highly dependent on public sector contracts.

Revenue in 2021 and in 2020 was generated entirely in the Netherlands.

The non-current assets (PP&E) are located in the Netherlands.

x € 1.000

## 6.2 Revenue

The disaggregation of revenue into categories that reflect the nature, the amount, the timing and the uncertainty of revenues and cash flows are affected by economic factors runs along the lines of the segment information by sector:

Revenue	2021	2020
Property Development	548.184	481.935
Building & Technology	788.647	920.496
Infra	737.592	661.699
Eliminations	-325.939	-317.662
	<b>1.748.484</b>	<b>1.746.468</b>

Property Development revenue mainly relates to revenue from residential and investment property projects developed by Heijmans for private buyers, of €385 million (approx. €296 million in 2020), and for property investors and housing associations together, of approximately €163 million (approx. €186 million in 2020), in general involving the delivery of both the land and the buildings. Projects for private buyers are usually not started until at least 70% has been sold. Invoicing of private buyers is according to the schedule adopted by the SWK (Stichting Waarborgfonds Koopwoningen - Owner-Occupied Housing Guarantee Fund) that is linked to predefined stages. The first instalment is invoiced when title to the land is transferred. Construction work on projects for property investors and housing associations does not start before the sale has been completed. The invoicing schedule is agreed with each client and, as in the case of private buyers, is generally linked to the completion of stages, the first instalment being invoiced upon conveyance of the land. The revenue from the land is recognised at the time of legal conveyance whereas the revenue from the buildings is recognised during the course of the construction period.

The revenue generated by Building & Technology mainly relates to the construction of housing and non-residential buildings and related installation work on behalf of clients in the private sector and the public or semi-public sector, amounting to approximately €543 million (approx. €657 million in 2020). Construction only commences when orders have been confirmed. Invoicing is according to a stage-based schedule, which may differ from one contract to another. Revenue is recognised during the course of the construction period. Other work involves service activities on clients' buildings and installations. Revenue from these activities, of approximately €246 million (approx. €263 million in 2020), is recognised as and when this service and maintenance work takes place. A major client for the construction of residential property is Heijmans Property Development, representing internal sales that are eliminated.

The revenue generated by Infra mainly relates to the construction of roads and other civil engineering works on behalf of public authorities, of approximately €521 million (approx. €456 million in 2020). Construction only commences when orders have been confirmed. Invoicing is according to a stage-based schedule, which may differ from one contract to another. Revenue is recognised during the course of the construction period. Other work involves service and maintenance activities on pieces of infrastructure. Revenue from these activities, of approximately €217 million (approx. €200 million in 2020), is recognised as and when this service work takes place. Until 2020, asphalt was also supplied to third parties; this revenue (approximately €6 million in 2020) was recognised at the time of delivery.

x € 1.000

In 2021, revenue totalling €170 million (2020: €154 million) was recognised and this amount was included in work in progress liabilities as at 1 January.

In 2021, revenue totalling €4 million (2020: €2 million) was recognised relating to performance obligations fulfilled in earlier periods.

The amount of the transaction price that has been attributed to performance obligations that have not been fulfilled (in whole or in part) is approximately €1.9 billion (2020: €1.9 billion). Of this, approximately 54% will be fulfilled in 2022, 26% in the period 2023 and 2024 and 20% in 2025 and beyond (2020: approximately 56% in 2021, 22% in the period 2022 and 2023 and 22% in 2024 and beyond). The disclosed amounts concern contracted revenue and do not include any revenue that is not highly probable. Revenue generated by contracts for which the unit price but not the volumes has been agreed have been included in the disclosed amounts. The Group has not made use of the practical possibility of not disclosing performance obligations forming part of a contract with an originally expected completion date of 12 months or less.

The Group has not adjusted revenue for significant financing components partly because the period between fulfilment of the performance obligations and payment by the client is less than one year.

### 6.3 Other operating income

Other operating income	2021	2020
Gain on sale of non-current assets	170	1.316
Miscellaneous	957	1.765
	<b>1.127</b>	<b>3.081</b>

The gain on the sale of non-current assets relates to the sale of plant and equipment. Miscellaneous includes fees for managing sold subsidiaries where the Group is, temporarily or permanently, still performing administrative activities.



x € 1.000

## 6.4 Staff costs, depreciation, and research and development expenses

Staff costs included in the statement of profit or loss are broken down as follows:

Staff costs	2021	2020
Wages and salaries	-321.257	-312.427
Compulsory social insurance contributions	-46.115	-46.331
Defined-contribution plans	-33.131	-34.874
Defined-benefit plans and long-service payments	-2.077	-1.027
	<b>-402.580</b>	<b>-394.659</b>

The statement of profit or loss includes an amount of approximately €3 million (2020 €3 million) relating to reorganisation provisions.

The number of employees at year-end 2021 was 4,839 (2020: 4,833).

The staff costs are included in the cost of sales, administrative expenses and selling expenses.

Depreciation and amortisation recognised in the statement of profit or loss is broken down as follows:

Depreciation	2021	2020
Depreciation of property, plant and equipment	-9.558	-9.195
Depreciation of right-of-use assets	-23.219	-23.883
Amortisation of intangible assets	-1.021	-1.021
	<b>-33.798</b>	<b>-34.099</b>

Depreciation of property, plant and equipment and right-of-use assets is included in the cost of sales and administrative expenses.

Amortisation of intangible assets is recognised under other operating expenses.

The costs for research and development recognised in the statement of profit or loss are:

Research & development costs	2021	2020
	<b>-8.297</b>	<b>-10.381</b>

Project work also involves research and development activities, which are reflected in the cost of sales. The costs relating to these activities are not included in the figures stated above.

x € 1.000

## 6.5 Other operating expenses

Other operating expenses are broken down as follows:

Other operating expenses	2021	2020
Amortisation of intangible assets	-1.021	-1.021
Charge for Wintrack II provision	-34.000	-
	<b>-35.021</b>	<b>-1.021</b>

For further details of the Wintrack II provision see note 6.29 Management estimates and judgements.

## 6.6 Finance income and expense

The net financing income and expense is broken down as follows:

Finance income and expense	2021	2020
Interest income	621	1.397
<b>Finance income</b>	<b>621</b>	<b>1.397</b>
Interest expense	-5.082	-5.359
Interest expense on lease liabilities	-2.375	-2.488
Capitalised financing costs	1.521	1.596
<b>Finance expense</b>	<b>-5.936</b>	<b>-6.251</b>
	<b>-5.315</b>	<b>-4.854</b>

The net finance expense for 2021 amounts to €5.3 million, which is €0.4 million higher than the €4.9 million for 2020. Although the syndicated loan facility was not utilised at all during the year, commitment fees still applied. For a summary of the interest rates, see note 6.21.

The interest and development costs for land holdings that are under development are capitalised. The applicable interest rate that is used for capitalisation is 3.0% for 2021 (2020: 3.0%). No interest has been capitalised on projects under construction.

x € 1.000

## 6.7 Income tax

Recognised in profit or loss	2021	2020
<b>Current tax charges or credits</b>		
Current financial year	-27	-17
Prior financial years	-166	-137
	-193	-154
<b>Deferred tax charges or credits</b>		
Relating to temporary differences	-326	-2.161
Prior financial years	4.306	0
Relating to tax loss carryforwards	-13.034	2.425
Relating to the write-off of a deferred tax asset (charge) or to the reversal of a write-off (credit)	4.580	0
	-4.474	264
<b>Total tax charge in the statement of profit or loss</b>	<b>-4.667</b>	<b>110</b>

The tax charges by country are as follows:

	2021	2020
Netherlands	-4.667	242
Belgium	0	-17
Germany	0	-115
	-4.667	110

x € 1.000

Analysis of the effective tax rate	2021		2020	
	%	€	%	€
<b>Result before tax</b>		<b>54.966</b>		<b>40.038</b>
Based on local tax rate	25,0%	-13.742	25,0%	-10.010
Non-deductible interest	1,1%	-616	1,9%	-773
Non-deductible expenses, other	0,7%	-363	0,9%	-377
Non-taxable revenue in results of investees	-2,3%	1.249	7,1%	-2.857
Losses not recognised in current financial year and other deferred tax assets and the reversals thereof	0,2%	-95	0,3%	-111
Effect of changes in the tax rate	0,0%	3	-2,7%	1.089
Effect of changes to loss relief rules	12,4%	-6.843	0,0%	0
Prior-year adjustment	-7,6%	4.163	0,0%	0
Effect of recognising previously unrecognised losses	-20,8%	11.421	-33,4%	13.390
Effect of miscellaneous/foreign tax rates	-0,3%	156	0,6%	-241
<b>Overall tax burden</b>	<b>8,5%</b>	<b>-4.667</b>	<b>-0,3%</b>	<b>110</b>

The effective tax rate for 2021 is 8.5% (2020: 0.3% negative).

The main differences between the effective tax rate and the local tax rate in the Netherlands concern the effect of amended regulations on tax losses and the recognition of previously unrecognised losses. Under new loss relief legislation that came into effect on 1 January 2022, from 2022 only 50% of profits in excess of €1 million can be set off against past losses. However, the new loss relief rules also mean that from 1 January 2022 all losses can be carried forward indefinitely against future losses of the tax group. The effect of recognition of previously unrecognised losses is a consequence of the Group's good financial results in recent years and the profit forecasts for future years.

The prior-year adjustment relates to the tax treatment (deductible) of the result on a joint arrangement which was different from the original tax treatment (non-deductible) in the position at 31 December 2020. The other differences concern the non-deductible interest expense relating to the cumulative preference financing shares B, the general restrictions on the deductibility of expenses, the tax exempt results from investees and the non-recognition of current-year losses

x € 1.000

## 6.8 Income tax receivables and payables

Geographical segment	31 December 2021		31 December 2020	
	Receivables	Payables	Receivables	Payables
Netherlands	257	0	200	0
Belgium	0	0	0	0
Germany	-	0	-	108
	<b>257</b>	<b>0</b>	<b>200</b>	<b>108</b>

Income tax receivables relate to outstanding income tax claims for financial years that have not yet been settled and for which excessive provisional assessments were paid. Income tax payables relate to outstanding income tax payments for financial years that have not yet been settled, supplemental to income tax assessments already paid, and taking account of applicable loss relief rules.

## 6.9 Property, plant and equipment

	Land & buildings	Machinery, installations and large-scale equipment	Other capital assets	Assets under construction	Total
<b>Cost</b>					
<b>Balance at 1 January 2020</b>	<b>54.464</b>	<b>73.073</b>	<b>44.181</b>	<b>1.856</b>	<b>173.574</b>
Investments	2.420	7.772	2.937	3.239	16.368
Disposals	-934	-22.641	-2.362	0	-25.937
Reclassifications	20	-206	108	-357	-435
<b>Balance at 31 December 2020</b>	<b>55.970</b>	<b>57.998</b>	<b>44.864</b>	<b>4.738</b>	<b>163.570</b>
<b>Balance at 1 January 2021</b>	<b>55.970</b>	<b>57.998</b>	<b>44.864</b>	<b>4.738</b>	<b>163.570</b>
Investments	7.816	6.037	4.705	7.023	25.581
Disposals	-3.562	-6.018	-1.571	0	-11.151
Reclassifications	560	3.677	-11	-3.677	549
<b>Balance at 31 December 2021</b>	<b>60.784</b>	<b>61.694</b>	<b>47.987</b>	<b>8.084</b>	<b>178.549</b>

x € 1.000

<b>Depreciation and impairment losses</b>					
<b>Balance at 1 January 2020</b>	<b>39.620</b>	<b>56.799</b>	<b>35.189</b>	<b>0</b>	<b>131.608</b>
Depreciation	1.789	3.636	3.770	0	9.195
Disposals	0	-19.895	-2.073	0	-21.968
Reclassifications	-7	-512	48	0	-471
<b>Balance at 31 December 2020</b>	<b>41.402</b>	<b>40.028</b>	<b>36.934</b>	<b>0</b>	<b>118.364</b>
<b>Balance at 1 January 2021</b>	<b>41.402</b>	<b>40.028</b>	<b>36.934</b>	<b>0</b>	<b>118.364</b>
Depreciation	1.127	3.583	4.848	0	9.558
Disposals	-2.699	-4.041	-1.388	0	-8.128
Reclassifications	-300	0	23	0	-277
<b>Balance at 31 December 2021</b>	<b>39.530</b>	<b>39.570</b>	<b>40.417</b>	<b>0</b>	<b>119.517</b>
<b>Carrying amount</b>					
At 1 January 2020	14.844	16.274	8.992	1.856	41.966
At 31 December 2020	14.568	17.970	7.930	4.738	45.206
At 1 January 2021	14.568	17.970	7.930	4.738	45.206
<b>At 31 December 2021</b>	<b>21.254</b>	<b>22.124</b>	<b>7.570</b>	<b>8.084</b>	<b>59.032</b>

As at year end, the contractual obligations relating to the acquisition of property, plant and equipment amounted to €6.6 million (2020: €1.3 million). Given its marginal importance, investment property (property held for its rental income and/or increase in value) is recognised as other capital assets, rather than as a separate item in the statement of financial position. The carrying amount of investment property was €0.2 million at year end 2021 (2020: €0.2 million).

Investments in 2021 include approximately €6.4 million for the acquisition of land and a commercial building in connection with the acquisition of the IIBO factory. This acquisition will be recognised as a business combination in 2022 once control is obtained of all the machinery to be acquired (see also note 6.26 Investment commitments) and operations.

x € 1.000

## 6.10 Leases

The movements in right-of-use assets were as follows:

2021	Changes in lease period and other changes				31 December 2021
	1 January 2021	Depreciation	Additions		
Office buildings	44.975	-8.136	1.539	491	38.869
Vehicle fleet	27.481	-10.835	9.102	147	25.895
Other equipment	9.141	-4.248	3.532	445	8.870
<b>Total</b>	<b>81.597</b>	<b>-23.219</b>	<b>14.173</b>	<b>1.083</b>	<b>73.634</b>

2020	Changes in lease period and other changes				31 December 2020
	1 January 2020	Depreciation	Additions		
Office buildings	53.304	-8.637	553	-245	44.975
Vehicle fleet	24.887	-10.608	13.360	-158	27.481
Other equipment	6.868	-4.638	7.425	-515	9.140
<b>Total</b>	<b>85.059</b>	<b>-23.883</b>	<b>21.338</b>	<b>-918</b>	<b>81.596</b>

The amounts in the column headed 'Changes in lease period and other changes' are connected with lease renewals and rent increases.

The movement in the lease liabilities was as follows:

2021	Changes in lease period and other changes				31 December 2021
	1 January 2021	Additions	Lease payments	Interest	
Office buildings	43.875	1.539	-8.907	1.377	38.232
Vehicle fleet	27.960	9.102	-11.426	680	26.465
Other equipment	9.288	3.532	-4.509	318	8.987
<b>Total</b>	<b>81.123</b>	<b>14.173</b>	<b>-24.842</b>	<b>2.375</b>	<b>73.684</b>

x € 1.000

2020	1 January 2020	Additions	Lease payments	Interest	Changes in lease period and other changes	31 December 2020
Office buildings	54.649	553	-12.375	1.494	-446	43.875
Vehicle fleet	25.191	13.360	-10.955	694	-330	27.960
Other equipment	6.762	7.425	-5.055	300	-144	9.288
<b>Total</b>	<b>86.602</b>	<b>21.338</b>	<b>-28.385</b>	<b>2.488</b>	<b>-920</b>	<b>81.123</b>

The maturity of the lease liabilities (based on due dates of the lease instalments) per category of underlying asset can be analysed as follows:

31 December 2021	Total lease instalments payable	< 1 year	1-5 years	> 5 years
Office buildings	41.256	8.698	24.223	8.335
Vehicle fleet	27.468	10.477	16.983	8
Other equipment	9.590	3.662	5.410	518
<b>Total</b>	<b>78.314</b>	<b>22.837</b>	<b>46.616</b>	<b>8.861</b>

31 December 2020	Total lease instalments payable	< 1 year	1-5 years	> 5 years
Office buildings	49.043	6.737	26.476	15.830
Vehicle fleet	29.078	10.487	18.460	131
Other equipment	10.009	3.898	5.454	657
<b>Total</b>	<b>88.130</b>	<b>21.122</b>	<b>50.390</b>	<b>16.618</b>

The interest expense on the lease liabilities in 2021 amounted to €2.4 million (2020: €2.5 million).

The cost in 2021 of short-term leases for which right-of-use assets have not been recognised amounted to €98 million (2020: €98 million). This largely concerns short-term equipment rental on projects.

The total cash outflow relating to leases amounted to €125 million in 2021 (2020: €126 million). This includes the aforementioned short-term rental of equipment on projects.

The weighted average incremental borrowing rate that has been used in determining the amount of the liability in 2021 is 3% (2020: 3%).



x € 1.000

## 6.11 Intangible assets

Intangible assets consist of goodwill and other identifiable intangible assets.

	Goodwill	Identifiable intangible assets	Total
<b>Cost</b>			
<b>Balance at 1 January 2020</b>	<b>156.971</b>	<b>46.003</b>	<b>202.974</b>
Balance at 31 December 2020	156.971	46.003	202.974
Balance at 1 January 2021	156.971	46.003	202.974
<b>Balance at 31 December 2021</b>	<b>156.971</b>	<b>46.003</b>	<b>202.974</b>
<b>Impairment losses and amortisation</b>			
	Goodwill	Identifiable intangible assets	Total
<b>Balance at 1 January 2020</b>	<b>88.581</b>	<b>38.762</b>	<b>127.343</b>
Amortisation	-	1.021	1.021
Balance at 31 December 2020	88.581	39.783	128.364
Balance at 1 January 2021	88.581	39.783	128.364
Amortisation	-	1.021	1.021
<b>Balance at 31 December 2021</b>	<b>88.581</b>	<b>40.804</b>	<b>129.385</b>
<b>Carrying amount</b>			
	Goodwill	Identifiable intangible assets	Total
At 1 January 2020	68.390	7.241	75.631
At 31 December 2020	68.390	6.220	74.610
At 1 January 2021	68.390	6.220	74.610
<b>At 31 December 2021</b>	<b>68.390</b>	<b>5.199</b>	<b>73.589</b>

x € 1.000

The composition of the carrying amount for goodwill and other intangible assets at year-end 2021 is as follows:

Acquisition	2021		2020	
	Goodwill	Identifiable intangible assets	Goodwill	Identifiable intangible assets
IBC (NL-2001)	21.207	-	21.207	-
Burgers Ergon (NL-2007)	31.107	5.199	31.107	6.220
Other	16.076	-	16.076	-
<b>Carrying amount at 31 December</b>	<b>68.390</b>	<b>5.199</b>	<b>68.390</b>	<b>6.220</b>

Other mainly refers to the Infra as cash-generating unit (€13 million).

The remaining amortisation term for the intangible asset that was part of the Burgers Ergon acquisition is 5 years.

The amortisation of the other intangible assets is recognised in the statement of profit or loss under other operating expenses. Goodwill is tested annually for impairment, based on the relevant cash-generating unit. For an explanation of the calculation of the recoverable amount, reference is made to the accounting policies.

The impairment tests are based on the value in use calculated by means of the discounted cash flow method. The pre-tax WACC (weighted average cost of capital) used for this calculation amounts to 10.4% (2020: 10.3%), corresponding to a discount rate after tax of 8.1% (2020: 7.8%). The WACC figure used has been arrived at in the same way as it was prior to IFRS 16. The cash flows are unaffected by IFRS 16. In calculating the carrying amount of the cash-generating unit, IFRS 16 has likewise been disregarded.

The value in use of the cash-flow generating business units is based on their expected future cash flows. The period adopted to determine the present value of cash flows is indefinite. In the determination of future cash flows, the medium-term planning for the relevant cash-flow generating unit is used. The assumptions underlying the medium-term planning are partly based on historical experience and external information sources. The medium to long-term planning generally covers a period of 5 years. Cash flows after 5 years are extrapolated using a growth rate of 0% (2020: 0%).

The recoverable amount calculated for the impairment test depends among other things on the growth rate used and the period over which the cash flows are realised. Other important variables are the expected revenue growth, probable margins and working capital requirements.

Cash flows beyond 5 years are extrapolated without growth percentages. Changes that can reasonably be expected in key variables including the pre-tax WACC, including possible uncertainties arising from Covid-19 and the nitrogen problem, do not result in an impairment.

x € 1.000

## 6.12 Joint ventures and associates

The interests in joint ventures and investments in associates included in the statement of financial position breaks down as follows:

	2021	2020
Joint ventures	78.238	69.263
Associates	4.214	4.009
	<b>82.452</b>	<b>73.272</b>

### Joint ventures

The reconciliation of the Group's interests in joint ventures, as recognised in the statement of financial position, including equity is shown below:

	2021	2020
Interest in the capital of Property Development joint ventures	62.872	49.885
Interest in the capital of other joint ventures	12.523	12.342
	<b>75.395</b>	62.227
Negative asset values recognised in other provisions	2.843	7.036
	<b>78.238</b>	69.263

The amounts presented below are the Group's shares in the results from continuing operations in joint ventures:

	2021	2020
Share of the net result of Property Development joint ventures	6.297	4.781
Share of the net result of other joint ventures	-1.793	-15.921
	<b>4.504</b>	-11.140

Much of the loss in 2020 was project losses in joint ventures. These losses were largely made up by capital contributions.

The property development joint ventures in which the Group participates achieved revenue of €63 million in 2021 (2020: €42 million). In total, they have inventories of €75 million (2020: €83 million), mainly in the form of a land holding. The aforementioned amounts relate to the Group's share. The Group acquired land of €11 million (2020: €30 million) from these joint ventures.

'Other joint ventures' include projects carried out on a consortium basis. In addition, this item includes an asphalt joint venture (AsfaltNu). The Group acquired asphalt of €47 million (2020: nil) from this joint venture which was set up in late 2020. The 2021 result included a write-down of €5 million for AsfaltNu. The write-down is related to the changed financial outlook since additional capital expenditure will be required in order to be able to recycle asphalt within the current limits following breaches of benzene standards.

x € 1.000

In a number of joint ventures, there are limits on the payout of dividends, often depending on the preference specified for repayment of the debts of the joint ventures concerned. The reserves that cannot be distributed as a result of these limits were approximately €13 million (2020: €12 million).

The Group has undertaken commitments to joint ventures totalling €1 million (2020: €1 million) relating to the granting of subordinated loans if certain conditions are met. Apart from the commitments and contingent liabilities disclosed in notes 6.21, 6.26, 6.27 and 6.28, the Group has no commitments or contingent liabilities relating to joint ventures.

### Associates

The amounts shown below concern the interests of the Group in the equity and results from continuing operations of associates:

	2021	2020
Interests in the equity of associates	4.214	4.009
Interests in the net results of associates	578	380

### 6.13 Loans granted to joint ventures

	2021	2020
Loans granted to joint ventures	20.318	22.661
Other long-term lending	1.074	719
<b>Balance at 31 December</b>	<b>21.392</b>	<b>23.380</b>

An amount of €0 million (2020: €0 million) of the loans granted falls due within 1 year, €1 million between 1 and 5 years (2020: €1 million) and €20 million maturing after more than 5 years, including those with indefinite maturity (2020: €22 million). The weighted average interest rate is approximately 2.4% (2020: 2.2%). The loans are repayable and are secured by pledged assets and by cash flows from projects being carried on by the joint ventures concerned. An appraisal has been made of the expected credit losses on the loans granted. There were no material implications for the carrying amounts.

x € 1.000

## 6.14 Deferred tax assets and liabilities

The net amount of the deferred tax assets and liabilities relating to temporary differences between the carrying amounts for tax purposes and for reporting purposes of items in the statement of financial position, together with recognised tax-loss carryforwards, can be broken down as follows:

	Receivables 31 December		Payables 31 December		Net amount 31 December	
	2021	2020	2021	2020	2021	2020
Property, plant and equipment	2.979	493	-	-	2.979	493
Right-of-use assets	19.607	21.014	18.998	20.399	609	615
Intangible assets	-	-	1.328	1.543	-1.328	-1.543
Employee benefits	5.354	3.377	-	-	5.354	3.377
Provisions	0	45	-	-	0	45
Recognised tax-loss carryforwards	25.509	31.718	-	-	25.509	31.718
<b>Deferred tax assets and liabilities</b>	<b>53.449</b>	<b>56.647</b>	<b>20.326</b>	<b>21.942</b>	<b>33.123</b>	<b>34.705</b>
Set-off of deferred tax assets and liabilities	-20.326	-21.942	-20.326	-21.942	-	-
<b>Net deferred tax assets and liabilities</b>	<b>33.123</b>	<b>34.705</b>	<b>0</b>	<b>0</b>	<b>33.123</b>	<b>34.705</b>

The movement in the statement of financial position of the deferred tax assets and liabilities in 2021 breaks down as follows:

	Net amount at 31 December 2020	Recognised in income tax	Recognised in other comprehensive income	Net amount at 31 December 2021
Property, plant and equipment	493	2.486	-	2.979
Right-of-use assets/lease liabilities	615	-6	-	609
Intangible assets	-1.543	215	-	-1.328
Employee benefits	3.377	-915	2.892	5.354
Other items	45	-45	-	0
Recognised tax-loss carryforwards	31.718	-6.209	-	25.509
<b>Total</b>	<b>34.705</b>	<b>-4.474</b>	<b>2.892</b>	<b>33.123</b>

x € 1.000

The movement in the statement of financial position of the deferred tax assets and liabilities in 2020 breaks down as follows:

	Net amount at 31 December 2019	Recognised in income tax	Recognised in other comprehensive income	Net amount at 31 December 2020
Property, plant and equipment	267	226	-	493
Right-of-use assets/lease liabilities	340	275	-	615
Intangible assets	-1.594	51	-	-1.543
Employee benefits	3.370	-2.443	2.450	3.377
Other items	315	-270	-	45
Recognised tax-loss carryforwards	29.293	2.425	-	31.718
<b>Total</b>	<b>31.991</b>	<b>264</b>	<b>2.450</b>	<b>34.705</b>

### Measurement of deferred tax assets

At year-end 2021, the recognised loss carry forward was €26 million (2020: €32 million), which relates to the loss carryforward of the Dutch tax group. The utilisation of tax loss carryforwards changed on 1 January 2022. Under the new loss relief rules, it has only been possible from the financial year 2022 to utilise 50% of profits above €1 million against past losses. Against this, from the financial year 2022 it will be possible under the new loss relief rules to carry forward all losses against future profits indefinitely.

A deferred tax asset is recognised to the extent that it is probable, based on forecasts, that sufficient future taxable profits will be available that can be utilised towards realising the deferred asset. The forecasts are based on the order book, the 2022 business plan, and the long-term forecast. These also underlie the measurement of the recoverable amount of goodwill (impairment tests). For the long-term forecast, the average EBIT margin of the Dutch tax group is assumed to slightly grow. A factor inherent in the measurement of the deferred tax assets is that the utilisation of losses depends on the realisation of the 2022 business plan and the long-term forecasts, which are the Group's best estimates. The medium-term planning reflects possible uncertainties arising from Covid-19 and the nitrogen problem. Based on the projected results for the near future and the current and future tax rate of 25.8%, there will be sufficient taxable profits over the next few years to enable the tax asset recognised as at 31 December 2021 to be realised.

Part of the impact of the change in tax in the Netherlands rates has been accounted for in the income statement and part through other comprehensive income, depending on the way in which specific items were recognised in previous years. The impact of the new loss relief rules is recognised in full in the statement of profit or loss.

x € 1.000

### Measurement of deferred tax liabilities

For determining the amount of the deferred tax liabilities, the value for tax purposes of the construction work in progress in the Netherlands (including residential building projects) is treated as being equal to the value under IFRS.

Deferred tax assets or liabilities are recognised for any temporary differences originating at subsidiaries, joint operations or joint ventures. No deferred tax assets or liabilities have been recognised for temporary differences arising from investments in associates in view of their relative insignificance.

The majority of the deferred tax liabilities have a term of more than one year.

### Tax losses not recognised in the statement of financial position

At year-end 2021, the tax-deductible losses of the Heijmans NV tax group amounted to €118.0 million (2020: €163.3 million). Of these, €0.1 million relates to 2015 and €117.9 million to 2016. Out of the total, €19.1 million (2020: €35.9 million) has not been recognised. At year-end 2021, the other tax losses not recognised in the statement of financial position amounted to €42.5 million (2020: €42.1 million). These relate primarily to one German and two Belgian subsidiaries that conduct no operations.

## 6.15 Inventories

	31 December 2021	31 December 2020
Strategic land holdings	108.323	126.415
Residential property in preparation and under construction	63.078	72.271
Raw materials and consumables	12.518	8.868
Finished products	1.405	7.833
<b>Total</b>	<b>185.324</b>	<b>215.387</b>
Carrying amount of inventories pledged as security	39.226	58.537

x € 1.000

### **Strategic land holdings**

The strategic land holdings are measured at cost or net realisable value if lower. The net realisable value of these holdings may be either the direct realisable value or the indirect realisable value. The net realisable value depends on the expected manner and time horizon of realisation and in most cases, therefore, is measured using an indirect realisable value method. The indirect realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, the expected cash flows usually being discounted to net present value using a discount rate of 5% unless a different rate has been agreed, for example on the basis of favourable financing arrangements available within a joint undertaking. In fixing the discount rate, account is taken of the expected capital structure, operational risks and specific circumstances affecting Heijmans or the project concerned.

Determining the indirect realisable value involves the use of judgements and estimates. The strategic land holdings are affected by several elements of uncertainty, such as demographic changes, location and details and implementation of development plans and administrative decisions, with as local a focus as possible. This provides a location-specific forecast of developments in land and house prices and other variables, which ultimately determine the indirect revenue value of the land holdings. The Group makes a comprehensive internal assessment of the value of its land holdings twice a year.

In general, the risk of deviations from the judgements and estimates is greater for strategic land holdings without planning permission than for those with. Moreover, this risk keeps increasing the longer the expected delay is before the start of development.

The net realisable value of the strategic land holdings was calculated in 2021 and compared with the carrying amount. This led to a write-down of €2.1 million (2020: write-downs totalling €2.4 million). There was also a write-down of €0.9 million of a joint venture (2020: nil). The decreases in value are partly due to specific local conditions that have adversely affected the success of projects, time to completion, expected margins and the number of homes completed.

In principle, the strategic land holdings and the residential property in preparation and under construction have terms of more than 12 months after the reporting date (mostly 2 to 10 years). The other items in principle have a term of less than 12 months.

For more information on the pledging of land holdings in connection with the financing agreements, refer to note 6.21.



x € 1.000

## 6.16 Work in progress

	31 December 2021	31 December 2020
Performance obligations fulfilled and transferred to clients (in practical terms, this item comprises realised revenue based on percentage of completion)	3.459.591	2.902.903
less: Invoiced instalments	-3.570.032	-3.006.960
<b>Balance of work in progress</b>	<b>-110.441</b>	<b>-104.057</b>
Work in progress assets (positive balance of work in progress)	74.492	66.240
Work in progress liabilities (negative balance of work in progress)	-184.934	-170.297
<b>Balance of work in progress</b>	<b>-110.441</b>	<b>-104.057</b>

A periodical assessment of the carrying amount of work in progress is made for each project by the project owner and the management of the unit concerned. This assessment is essentially performed on the basis of the figures in the project files, the project accounts and the knowledge and experience of those involved. Inherent in this process and the project-related activities is that estimates have to be made and that the Group is involved in negotiations and discussions concerning the financial progress of projects, such as contract savings or extras, claims, incentives and penalties, completion dates and the quality standard of the work. It may turn out at a later stage that actual results differ from the estimates. This will be so particularly for long-term projects that include considerable customisation. It can also occur if there are unsettled claims or discussions with clients about additional work that are still continuing on the reporting date. For further details on a number of specific projects, refer to note 6.29 Management estimates and judgements.

The degree of uncertainty surrounding these estimates becomes greater the more, for example:

- types of contract and associated specific agreements involve increased risks for the Group. In a DC (Design and Construct) contract, for example, the Group assumes the design risk (as well as construction). DBMO (Design, Build, Maintain, Operate) contracts also include responsibility for maintenance and operation;
- projects are still at the design stage. It is possible for substantial changes to occur in the process of turning a provisional design into the final design, leading to adjustments both up and down compared with the initial projection.

Projects are also fraught with opportunities and risks during execution. For example, there may be extra work, claims or unforeseen circumstances with a potential cost to the Group.

x € 1.000

Variable consideration is only recognised if it is highly probable that a significant revenue reversal will not occur:

- Revenue from additional work is included in the overall contract revenue if the client has accepted the sum involved in any way.
- Claims and incentives are recognised in the amount for work in progress where they derive from enforceable rights, it is highly probable that they will lead to revenue and can be reliably measured.
- Unless it is highly unlikely that a penalty will be applied, the amount of any penalties will be deducted from the revenue.

Bonuses are recognised as revenue from work in progress if the project is far enough advanced and it is highly probable that the performance indicators specified will be met (and it is highly probable that no significant reversal will occur), and the bonus amount can be reliably determined. If the bonus can only be received after expiry of a predetermined period following completion of the project, then that bonus is only recognised when it is highly probable that the bonus will be received (and it is highly probable that no significant reversal will occur).

Work in progress assets concern the right to consideration in respect of work on projects carried out and transferred to the client. As at year-end 2021, this item amounted to €74 million (2020: €66 million). No material amounts in respect of expected credit losses have been deducted.

Work in progress liabilities concerns the obligation to carry out work on projects for clients for which the Group has received a consideration from the client (or the client owes that amount). This means that in practice the invoiced instalments run ahead of the project revenue, so on balance the work is funded in advance by the client. As at year-end 2021, this item amounted to €185 million (2020: €170 million).

Work in progress assets and liabilities generally have a term of less than 12 months.

Work in progress assets and liabilities do not include any items of a material nature relating to marginal costs for securing or fulfilling a contract.

x € 1.000

## 6.17 Trade and other receivables

	31 December 2021	31 December 2020
Trade receivables	136.763	103.130
Amounts still to be invoiced on concluded projects	9.385	5.956
Receivables from joint operations	8.764	10.011
Prepayments	8.005	8.342
Other receivables	15.649	13.540
<b>Total trade and other receivables</b>	<b>178.566</b>	<b>140.979</b>

Trade and other receivables are presented after deduction of impairment losses. No material impairment losses have been deducted from the amounts still to be invoiced on concluded projects. The write-down for expected bad debts is recognised in the statement of profit or loss under administrative expenses. At year-end 2021, a provision of €4.1 million was formed for impairment of trade receivables (2020: €4.2 million). For an analysis of the movements in this provision, see note 6.25 'Financial risks and risk management'.

Trade and other receivables are mainly short-term.

## 6.18 Cash and cash equivalents

	31 December 2021	31 December 2020
Bank balances	207.119	173.129
Cash in hand	0	0
Funds in blocked accounts	2.448	1.934
<b>Total cash and cash equivalents</b>	<b>209.567</b>	<b>175.063</b>

Of the total cash and cash equivalents, €30 million (2020: €21 million) is held by joint ventures. These cash and cash equivalents are exclusively available in consultation with the joint venture partners concerned.

The funds in blocked accounts mainly relate to the obligatory G accounts (guarantee accounts) under the Dutch Wages and Salaries Tax and Social Security Contributions (Liability of Subcontractors) Act.

Cash is utilised to reduce the Group's financing to the extent contractually and practically permitted, for example, by making the balances concerned part of notional cash pool arrangements.

x € 1.000

## 6.19 Equity

<b>Paid-up and called-up share capital</b>		
<i>In thousands of ordinary shares</i>	<b>2021</b>	<b>2020</b>
Outstanding at 1 January	21.933	21.409
Shares issued in May 2021/ 2020	827	524
<b>Outstanding at 31 December</b>	<b>22.760</b>	<b>21.933</b>

Refer to statement 2b for disclosures on the changes in equity, and to the Company financial statements for disclosures on the authorised share capital, the statutory reserve for investees, the appropriation of results and other figures.

## 6.20 Earnings per share

### Basic earnings per ordinary share

Earnings after tax per weighted average share in 2021 amounted to €2.24 (2020: €1.85). The calculation is based on the result after tax attributable to the holders of ordinary shares or depositary receipts for ordinary shares and the weighted average number of ordinary shares that were outstanding during 2021.

	<b>2021</b>	<b>2020</b>
<b>Result attributable to holders of ordinary shares (all operations)</b>		
<b>Result attributable to holders of ordinary shares after tax</b>	<b>50.299</b>	<b>40.148</b>

<b>Weighted average number of ordinary shares</b>		
<i>In thousands of shares</i>	<b>2021</b>	<b>2020</b>
Ordinary shares outstanding on 1 January	21.933	21.409
Effect of share issue in May 2021/ 2020	482	306
<b>Weighted average number of ordinary shares at 31 December</b>	<b>22.415</b>	<b>21.715</b>

x € 1.000

<b>Diluted weighted average number of shares</b>		
<i>In thousands of shares</i>	2021	2020
Weighted average number of ordinary shares at 31 December	22.415	21.715
Dilution effect related to the award of deferred bonus shares under the Bonus Investment Share Matching Plan.	26	21
<b>Weighted average number of ordinary shares at 31 December after dilution effects</b>	<b>22.441</b>	<b>21.736</b>

The calculation of the earnings after tax per ordinary share in 2021 is based on the weighted average number of ordinary shares during the year, which was 22,415 thousand. The calculation of diluted earnings after tax per ordinary share takes account of the dilution related to the award of 26,000 deferred bonus shares under the Bonus Investment Share Matching Plan (see note 6.28).

### Dividend distributed per ordinary share in the financial year

A dividend of €0.73 per share was paid in 2021 (2020: nil).

## 6.21 Interest-bearing loans and other financing liabilities

The breakdown of interest-bearing loans and other financing liabilities is shown below.

31 December 2021	Non-current portion	Current portion	Total
Cumulative financing preference shares B	28.265	2.483	30.748
Syndicated bank financing	-	-	-
Project financing	9.873	1.690	11.563
Other non-current liabilities	2.880	-	2.880
Current account overdrafts with credit institutions	-	-	0
<b>Total liabilities</b>	<b>41.018</b>	<b>4.173</b>	<b>45.191</b>

31 December 2020	Non-current portion	Current portion	Total
Cumulative financing preference shares B	38.748	3.100	41.848
Syndicated bank financing	-	-	-
Project financing	12.035	-	12.035
Other non-current liabilities	2.880	-	2.880
Current account overdrafts with credit institutions	-	3	3
<b>Total liabilities</b>	<b>53.663</b>	<b>3.103</b>	<b>56.766</b>

x € 1.000

**Cumulative financing preference shares B**

As at year-end 2021, there were 4,510,000 cumulative financing preference shares B in issue with a nominal value of €0.21 per share, excluding €6.61 share premium per share. This share capital, totalling €30.7 million, has been issued to Beleggingsfonds De Zonnewijser and Nationale-Nederlanden Levensverzekering Maatschappij N.V.. The Group has the right to repurchase or cancel these preference shares before their maturity date in case of an interest rate change or at any other time subject to payment of compensation. Under the agreement with the holders of the cumulative preference shares, the annual coupon rate is reviewed every five years. With effect from 1 January 2019, the rate is 7.21%. The coupon payment becomes payable each year 14 days after the AGM.

Repayment of the cumulative financing preference shares B only becomes applicable in the following cases:

- 1) As and when Heijmans pays a dividend on ordinary shares, half of the amount that is paid on ordinary shares will be repaid on the cumulative preference shares B by way of repayment of share premium.
- 2) As in recent years, Heijmans will ask the AGM each year to authorise the Heijmans Executive Board to issue shares up to a maximum of 10% of the outstanding ordinary share capital. Using this mandate, Heijmans will pay out the dividend coupon owed in the form of ordinary shares at market price, with the resultant cash saving used to repay the outstanding capital of the cumulative preference shares B. This repayment element will therefore not reduce the capital base and will have no net cash impact. For example, if shares were issued at the 2021 closing share price of €14.90, this would result in the issue of 0.7% (rounded) of the share capital in 2021.
- 3) As soon as the solvency ratio in terms of the capital base exceeds 30%, as reported in the annual report for each future year, and Heijmans elects to pay a dividend in respect of the relevant year, an extra repayment will be made in the form of a repayment of the share premium originally paid in on the cumulative preference shares B equal to the amount of the dividend payable for the preceding year. If both of these requirements are met, which is the case on ratification of the proposed dividend, the amount of the repayment is consequently identical to point 2 above, being the coupon on the outstanding amount.

In the event that the total repayments result in a reduction of the outstanding share capital of the cumulative preference shares B to less than €22,550,000, there will be an automatic reduction of 100 basis points in the coupon rate, i.e. to 6.21%. NB. This will be the case on ratification of the proposed dividend and as soon as the repayment elements have been implemented in the second quarter of 2022.

In the event of the above-mentioned repayments, on 30 June each year, the voting rights conferred by the cumulative preference shares B will be adjusted to reflect the pro rata impact on capital ratios.

Based on the above and provided the AGM approves the dividend proposal and share issue mandate, it is expected that the amount of the cumulative preference shares B will decline by €15.0 million, comprising €2.5 million as a result of the repayment that follows from the share issue mandate, the same amount because the reported solvency ratio at year-end 2021 exceeded 30% in combination with the dividend payment and €10.0 million from 50% of the dividend proposal of €0.88 per share.

x € 1.000

**Syndicated bank financing**

The syndicated bank facility amounted to €117.5 million as at year-end 2021. This amount is fully committed up to and including 31 December 2025 and is made up of an overdraft facility of €20 million with ING and a revolving credit facility of €97.5 million granted equally by ABN AMRO, ING and Rabobank. The facility was renewed early in April 2021 and the following terms and conditions were changed:

- The total commitments have been lowered slightly from €121.4 million to €117.5 million, with €20 million of this in the form of an overdraft facility;
- The term has been extended to 31 December 2025, subject to an extension option to the end of 2026;
- The interest rate margin has been lowered and from now on will be linked to the outcome of the leverage ratio. This was previously linked to the outcome of the average leverage ratio, which is no longer applicable. The facility is subject to a margin grid of 170 – 270 basis points. If the leverage ratio is less than 0.5 (as was the case throughout 2021), the lowest step in the grid will apply. Consequently, a reduction in margin of 225 basis points to 170 basis points has been created. It should be noted that as long as Heijmans does not draw on the facility, it will only pay a commitment fee;
- The margin grid is linked to a bonus/malus system of plus or minus five basis points on the basis of four sustainability criteria. In effect, Heijmans is raising its sustainability ambitions by committing to improvements in terms of reducing (CO<sub>2</sub>) emissions, the number of accidents (drop in IF rate), the average CO<sub>2</sub> emissions of the homes it delivers, and increasing the share of electric cars in its total fleet;
- With respect to machinery/equipment, intellectual property rights and brand names, the established security will be released, which will improve Heijmans' operational flexibility. The other security, including the pledge of receivables, the 100%-owned bank accounts and several existing mortgages on land holdings with a carrying amount of €36 million at year-end 2021 will remain in place in favour of the financiers.

The syndicated facility is subject to financial covenants which have been amended as shown in the table below. If these financial covenants are not met, the facility is in default. The financial covenants will from now on be measured on the basis of the reported figures, taking into account IFRS 15 and IFRS 16, to improve the alignment of the covenants with the reported figures. The covenants will still be adjusted for IFRS 11, which means that Heijmans will not use the equity method for joint ventures but will instead apply proportionate recognition.

The solvency ratio is measured at the end of each year and 21% is required. This is the solvency ratio reported in the financial statements using capital base, which comprises equity plus the cumulative financing preference shares B. An interest cover ratio also applies, calculated at the end of each quarter and a minimum value of 5 applies. In addition, a leverage ratio is also calculated each quarter and it must not exceed 3. The interest cover ratio is calculated as EBITDA divided by net interest expense. The leverage ratio is obtained by dividing net debt by EBITDA (earnings before interest, tax, depreciation and amortisation). The definitions of these items include several adjustments to the reported figures, as agreed with the bank consortium in the credit agreement. The main adjustments compared with the net debt for accounting purposes are an increase in respect of the net debt from joint ventures and a decrease in respect of the outstanding amount of the cumulative financing preference shares B and certain specific project financing arrangements where there is no recourse against Heijmans. The main adjustments compared with the accounting EBITDA concern the capitalised interest, results relating to business units that have been sold off, fair value adjustments, restructuring costs and EBITDA results from joint ventures. The main adjustments to the reported net interest expense concern the exclusion of interest expense on non-recourse project financing and the coupon on cumulative financing preference shares B. Heijmans operated within the agreed covenants throughout the year.

Satisfying the covenants is actively monitored within Heijmans. Based on the 2022 business plan and its solid financial starting position at year-end 2021, the Group expects to be able to continue operating comfortably within the covenants in the year ahead, the key parameters here being the development in EBITDA and net debt. Changes in the net debt position are a function of fluctuations in working capital, behind which lie seasonal effects and fluctuations due to specific projects. The working capital requirement is generally higher during the course of the year than at year-end, and this can lead to an increase in net debt by as much as €25-27 million. The cash position and, if necessary, the syndicated loan, which was not drawn on at all in 2021, are available to fund fluctuations in working capital.

x € 1.000

Amounts x €1 million	note	2021
Interest-bearing debt	6.21	45,2
Lease liabilities (IFRS 16 Leases)	3.	73,7
Cash and cash equivalents	6.18	-209,6
<b>Net debt</b>		<b>-90,7</b>
<i>Adjustments for:</i>		
Net debt of joint ventures		8,2
Non-recourse net debt for project financing		-33,6
Cumulative financing preference shares B	6.21	-30,7
Other		2,4
<b>Covenant net debt (A)</b>		<b>-144,4</b>
Reported EBITDA	6.1	89,0
EBITDA of joint ventures	6.1	11,5
Exceptional items	6.1	5,9
<b>Underlying EBITDA</b>		<b>106,4</b>
<i>Adjustments for:</i>		
Capitalised interest	6.6	1,5
EBITDA for project with non-recourse financing		-0,7
Other		0,3
<b>Covenant EBITDA (B) - Interest Cover</b>		<b>107,5</b>
EBITDA attributable to disposals		-
<b>Covenant EBITDA (C) - leverage Ratio</b>		<b>107,5</b>
<b>Net interest expense</b>		<b>5,3</b>
<i>Adjustments for:</i>		
Capitalised interest		1,5
Joint venture net interest expense		0,2
Non-recourse project financing interest expense		-0,8
Interest on cumulative financing preference shares B	6.21	-2,5
Other		-0,5
<b>Net covenant interest expense (D)</b>		<b>3,2</b>
Equity	2.	267,6
Cumulative financing preference shares B	6.21	30,7
<b>Capital base covenants (E)</b>		<b>298,3</b>
<b>Total assets covenants (F)</b>	3.	<b>991,4</b>
<b>Leverage ratio (A/C) &lt;3</b>		<b>-1,3</b>
<b>Interest cover ratio (B/D) &gt;5 (if interest charges are negative, not applicable)</b>		<b>33,3</b>
<b>Solvency ratio (E/F) &gt;21%</b>		<b>30,1%</b>

No comparative figures are presented for 2020 since the method for calculating the ratios was changed in 2021.



x € 1.000

### Project financing

Project financing arrangements have been entered into in connection with specific real estate and other projects. This item also includes a liability to a joint venture producing asphalt. The project financing repayment schedules are usually related to the progress on projects. Project financing generally expires no later than the date of completion and/or sale of the projects. Recourse is limited to project assets only, including future positive cash flows from these projects, as well as the contracts and mortgage collateral related to the project / project company in most cases. Heijmans N.V. has not guaranteed repayment of principal and/or payment of interest for this project financing in 2021 or 2020.

### Other liabilities

The other liabilities concern financing arrangements provided by related parties in a number of specific land holdings. As security for these financing arrangements, amounting to €2.9 million (2020: €2,9 million), Heijmans has provided guarantees in respect of repayments/payment of interest.

Average interest rate	2021	2020
Cumulative financing preference shares B	7,2%	7,2%
Syndicated bank financing*	-	-
Project financing	0,2%	0,1%
Other bank financing	-	-
Other non-current liabilities	2,5%	2,5%

\* The disclosed percentage is exclusive of amortised refinancing costs and fees.

### Movements in interest-bearing liabilities

The movements in the interest-bearing liabilities were as follows:

	Net amount at 31 December 2020	Borrowed	Contributed to joint arrangement	Redeemed	Net amount at 31 December 2021
Cumulative financing preference shares B	41.848	-	-	-11.100	30.748
Syndicated bank financing	0	-	-	-	0
Project financing	12.035	1.218	-	-1.690	11.563
Other non-current liabilities	2.880	-	-	-	2.880
Current account overdrafts with credit institutions	3	-	-	-3	0
<b>Total</b>	<b>56.766</b>	<b>1.218</b>	<b>0</b>	<b>-12.793</b>	<b>45.191</b>

	Net amount at 31 December 2019	Borrowed	Contributed to joint arrangement	Redeemed	Net amount at 31 December 2020
Cumulative financing preference shares B	45.100	-	-	-3.252	41.848
Syndicated bank financing	0	-	-	-	0
Project financing	5.197	83	6.755	-	12.035
Other non-current liabilities	2.950	-	-	-70	2.880
Current account overdrafts with credit institutions	0	3	-	-	3
<b>Total</b>	<b>53.247</b>	<b>86</b>	<b>6.755</b>	<b>-3.322</b>	<b>56.766</b>

x € 1.000

## 6.22 Employee benefits

### Movement in the liability for defined-benefit plans and long-service payments

	Liability		Fair value of assets		Net liabilities relating to defined-benefit rights and long-service payments	
	2021	2020	2021	2020	2021	2020
<b>Balance at 1 January</b>	<b>248.486</b>	<b>256.635</b>	<b>232.120</b>	<b>238.464</b>	<b>16.366</b>	<b>18.171</b>
<i>Recognised in profit or loss</i>						
Service cost	300	298	-	-	300	298
Interest expense/income	854	2.143	797	1.991	57	152
Actuarial result on long-service payment liabilities	1.668	529	-	-	1.668	529
Administrative and other expenses	-	-	-52	-48	52	48
<i>Recognised in other comprehensive income</i>						
Actuarial result, experience	-3.012	-1.362	-3.630	-474	618	-888
Actuarial result, life expectancy	-	-4.431	-	-3.986	-	-445
Actuarial result, indexing	9.384	-2.056	-	-	9.384	-2.056
Actuarial result, discount rate	-18.067	20.019	-15.534	18.514	-2.533	1.505
<i>Contributions and benefits</i>						
Employer contributions	-	-	816	948	-816	-948
Pension and long-service payments	-9.372	-9.732	-9.372	-9.732	-	-
Settlements	-	-13.557	-	-13.557	-	0
<b>Total at 31 December</b>	<b>230.241</b>	<b>248.486</b>	<b>205.145</b>	<b>232.120</b>	<b>25.096</b>	<b>16.366</b>

The pension and long-service payments in 2022 will amount to approximately €10 million. Over the next few years, this amount should not change significantly.

x € 1.000

The total liability arising from defined benefit-pension plans and long-service payments is recognised in the statement of financial position as follows:

	31 December 2021	31 December 2020
Non-current employee benefits	24.496	15.791
Current employee benefits	600	575
	<b>25.096</b>	<b>16.366</b>

### Liability for defined-benefit plans in the Netherlands

#### *Insured plans*

As at year-end 2021, the Group has some 15 insured pension plans in the form of guarantee contracts. The Group is only required to meet the costs of indexation, not to fund increased liabilities due to adverse changes in life expectancy, so the pension plan risk is largely borne by the insurers. Responsibility for holding sufficient funds to pay out all benefits rests with the insurers. Regulatory responsibility lies with DNB. The amount of the additional contribution required to meet annual increases is calculated on the basis of the assumptions contained in the insurance contract. The average term of the pension liabilities is approximately 15 years.

For three insured plans, there is no longer any obligation to make inflation increases. These plans ceased to be included in the pension liabilities as at year-end 2020, and were accounted for as settled in 2020, without any impact on the result. The Group does, however, continue to have a limited risk exposure with respect to these three plans in the event of value transfers (however, these risks are not expected to be material and so have not been recognised).

#### *Industry-wide pension funds*

The majority of the pensions have been placed with industry-wide pension funds, the main ones being the Pension Fund for the Construction Industry (Bouwnijverheid) and the Pension Fund for the Engineering, Mechanical and Electrical Contracting Sector (Metaal en Techniek). Both these funds operate average pay plans with annual increases. The funding ratio set by the policy of the Construction Industry pension fund was 119.3% at year-end 2021 (year-end 2020: 105.7%). The Group has a share of approximately 2% (2020: 2%) of the total number of members of this fund. The policy funding ratio for the Engineering, Mechanical and Electrical Contracting Sector stood at 100.8% at year-end 2021 (year-end 2020: 91.2%). The Group has a share of approximately 0.5% (2020: 0.5%) of the total number of members of this fund. The funding ratios have been calculated on the basis of the actuarial assumptions used by the industry-wide pension funds, in accordance with the Pensions Act and the Financial Assessment Framework.

Since their funding ratios have a marginal effect on the contribution adjustments, these plans qualify as defined-benefit pension plans. Despite this, they are treated as defined-contribution plans because the administration of the industry pension funds is not designed to supply the required information.

With regard to these plans, the Group is only required to pay the predetermined contributions. The Group has no obligation to make up any deficit, other than through future contribution adjustments. The Group has no claim to any surplus in the funds.

x € 1.000

### Long-service payments

The long-service payments are a month's salary, or a portion thereof, for employment periods of 25, 40 and 50 years.

Expense items recognised in connection with defined-benefit plans and long-service payments	2021	2020
Service cost	-300	-298
Interest expense	-854	-2.143
Interest income	797	1.991
	<b>-357</b>	<b>-450</b>
Administrative and other expenses	-52	-48
Actuarial result on long-service payment liabilities	-1.668	-529
<b>Total expense for defined-benefit plans and long-service payments</b>	<b>-2.077</b>	<b>-1.027</b>

The principal actuarial assumptions as at year-end are:

	31 December 2021	31 December 2020
Discount rate	0,85%	0,35%
Future wage inflation	2,25%	2,25%
Future pay increases	0-1,5%	0-1,5%
Future annual increase	0-1,50%	0-0,85%
Staff turnover	3,5-12,5%	7,0-16,0%
Life expectancy	Projection table AG 2020 0/0	Projection table AG 2020 0/0

The discount rate is based on high-quality corporate bonds adjusted for the term of the payment obligation. This also applies to the expected yield.

The future annual increase is based on the increase that is expected to be granted by the industry-wide pension fund for the Construction Industry (Bouwnijverheid).

In 2021, probability of departures was revised in line with the actual staff turnover in the past five years and the policy to reduce unwanted turnover.

x € 1.000

Financing liability for defined-benefit plans and long-service payments	31 December 2021	31 December 2020
Fully funded defined-benefit plans	223.090	243.003
Long-service payments (unfunded)	7.151	5.483
<b>Liability for defined-benefit plans and long-service payments at 31 December</b>	<b>230.241</b>	<b>248.486</b>

As in 2020, all the fully-funded defined-benefit plans are insured schemes. There are no fund investments in equities, fixed-income securities or liquid assets.

Reasonably possible changes in one of the relevant actuarial assumptions on the reporting date, with the other assumptions remaining unchanged, could potentially affect the liabilities associated with the vested pension rights to the extent shown below.

x €1 million	2021		2020	
	Increase	Decrease	Increase	Decrease
Change of 0.5%-points in the discount rate	-16,4	18,4	-19,5	22,2
Change of 0.25%-points in wage and price inflation and rate of annual increase-	9,0	-3,6	10,7	-3,8
Change of 1 year in life expectancy	11,6	-11,5	12,8	-12,8

The above effects were determined by the actuary who performed the calculations. The combined effect of changes to more than one of the assumptions can be different from the sum of the corresponding individual effects owing to interactions.

The effects presented apply only to the liabilities and not to the fair value of the investments. For a plan in the form of an insurance contract, the guarantee provided by the insurer means that the effects of these changes are largely mitigated by an equal effect on the plan assets.

The Group expects to contribute approximately in €1 million to its defined pension plans in 2022 and approximately €37 million to defined contribution plans (including the above industry-wide pension funds). The expected contributions in subsequent years are likely to be in line with those expected for 2022, depending on changes in the above-mentioned actuarial assumptions and other factors.

x € 1.000

## 6.23 Provisions

### General

Provisions for such things as losses on work in progress, warranty obligations, restructuring costs and environmental risks are recognised if Heijmans has an existing obligation and it is probable that an outflow of resources will occur. The amount of each provision can be reliably estimated. The provisions are stated at face value, unless the time value of money is material.

	31 December 2020	Reversal of unused amounts	Additions to provisions	Provisions used	31 December 2021
Wintrack II	-	-	34.000	-	34.000
Work in progress losses	15.586	-3.700	14.234	-14.577	11.543
Warranty obligations	23.869	-101	15.550	-7.003	32.315
Restructuring costs	2.226	-594	2.404	-2.720	1.316
Environmental risks	2.625	0	0	-38	2.587
Provision for loss-making interests	7.036	0	1.334	-5.527	2.843
Other provisions	1.852	-197	0	0	1.655
<b>Total provisions</b>	<b>53.194</b>	<b>-4.592</b>	<b>67.522</b>	<b>-29.865</b>	<b>86.259</b>

Ageing of provisions	31 December 2021	31 December 2020
Non-current portion	64.303	26.387
Current portion	21.956	26.807
<b>Total</b>	<b>86.259</b>	<b>53.194</b>

### Wintrack II

For further details of the provision for Wintrack II, see note 6.29 Management estimates and judgements.

### Work in progress losses

If a contract with a client for the execution of a project shows a loss, the entire amount of the loss is immediately recognised in the statement of profit or loss and included as a provision for losses on work in progress in the provisions in the statement of financial position. The projects to which these losses relate will be completed within two years.

### Provision for warranty obligations

The provisions relate to complaints and deficiencies that become apparent after the delivery of projects and that fall within the warranty period. The magnitude of the costs provided for is dependent partly on the estimated allocation of the claim to the related construction partners. It is expected that most of the obligations will materialise in the next two years.

x € 1.000

**Provision for restructuring costs**

The provision for restructuring costs relates to the expected severance costs related to organisational changes. Most of the provision will be used in 2022.

**Provision for environmental risks**

This item represents possible site reinstatement costs. The costs have been estimated by site, based on government regulations concerning the clean-up method and soil investigation. The periods within which restoration needs to take place vary by site. In the event that the restoration does not have to take place for another few years, there is an obligation to monitor the pollution. The expected monitoring costs have also been included in the provision.

**Provision for loss-making interests**

The provision for loss-making interests relates to joint ventures in which the Group's share is negative and for which the Group has guaranteed all or part of the liabilities of that interest (or has the firm intention to enable the interest to pay (the Group's share) of its liabilities).

**Other provisions**

The other provisions as at year-end 2021 were largely made up of a provision for year-two sick pay.

x € 1.000

## 6.24 Trade and other payables

Trade and other payables	31 December 2021	31 December 2020
Suppliers and subcontractors	129.845	165.120
Invoices due for work in progress	23.866	20.220
Invoices due for work completed	45.785	31.968
Pension obligations	760	2.068
Staff costs payable	24.978	20.257
VAT payable	45.125	47.108
Wage tax and social security contributions payable	16.127	15.083
Administrative expenses and costs of sales payable	6.000	7.119
Interest payable	2.999	4.394
Payables to partnerships	9.266	8.393
Other liabilities	3.928	4.645
<b>Total trade and other payables</b>	<b>308.679</b>	<b>326.375</b>

The trade and other payables are predominantly of a short-term nature.



x € 1.000

## 6.25 Financial risks and risk management

### General

In the normal course of business, Heijmans is exposed to various financial risks, including credit, liquidity, market, price and interest-rate risks. This section describes the degree to which these risks manifest themselves, the objectives set regarding the risks and the policy and procedures for measuring and managing them, as well as the management of capital. The risk policy is focused on the identification and analysis of the risks to which the Group is exposed and the setting of acceptable limits.

The risk policy and systems are assessed on a regular basis and then modified if necessary for changes in market conditions and the operations of the Group. The objective is to create a disciplined and constructive approach to risk management, with the aid of training, standards and procedures whereby all employees are aware of their roles and responsibilities.

The Audit and Risk Committee periodically reviews the risk management policy and procedures. In addition, the Committee reviews the risk policy used in the light of the risks to which the Group is exposed.

### Credit risk

Credit risk is the risk that the Group will be exposed to financial loss if a party against which Heijmans has a claim fails to meet its contractual obligations. Credit risks arise primarily from receivables due from customers and consortium partners. The creditworthiness of suppliers is also assessed, focusing primarily on the risk to security of supply.

The credit risk associated with residential property development is limited, as future residents can only take possession of the new home once they have met all their obligations and there is pre-financing during the construction stage. Creditworthiness is assessed in transactions involving the development of commercial property, construction contracts and infrastructure projects, with additional collateral possibly being requested. Additional forms of security are particularly important in the case of turnkey projects (paid for on completion), although normally there is pre-financing of transactions in the 'business to business' segment as well. Especially within Infra and non-residential construction, Heijmans carries out many assignments for public authorities, for which the credit risk is considered extremely limited. In these areas of the business, Heijmans will be part of consortiums working on various large-scale, integrated projects. The more specific the expertise of a consortium partner, the greater the importance that is attached to the creditworthiness of that partner. In such cases, a poor credit rating is grounds for not entering into partnership, since financial guarantees are not worth anything if essential know-how is lost.

The assessment of creditworthiness is part of the standard procedure, and involves using company-specific reports produced by rating agencies. Credit risk is mitigated by pre-financing arrangements and payments in instalments. Risks are insured with a credit insurer if considered necessary.

The large number of clients, a substantial proportion of which are private individuals and public authorities, means there is no concentration of credit risk.

x € 1.000

The cash and cash equivalents are held at different banks that are assessed as regards creditworthiness. The credit risk is further mitigated by concentrating the cash as far as possible in cash pools, the cumulative balance of which is predominantly negative over the year.

The carrying amount of the financial assets exposed to credit risk can be analysed as follows:

	31 December 2021	31 December 2020
Loans granted to joint ventures	21.392	23.380
Cash and cash equivalents	209.567	175.063
Work in progress assets	74.492	66.240
Trade and other receivables	178.566	140.979
<b>Total</b>	<b>484.017</b>	<b>405.662</b>

Loans granted are mainly loans granted by the Group to joint arrangements in which it participates.

An appraisal has been made of the expected credit losses. The ageing of unimpaired outstanding receivables after the due date of the invoice was as follows:

	31 December 2021	31 December 2020
< 30 days	3.992	6.509
30-60 days	659	1.497
60-90 days	226	2.142
> 90 days - ≤ 1 year	242	195
> 1 years	4.100	4.291
<b>Total</b>	<b>9.219</b>	<b>14.634</b>

Including accounts not yet due and accounts for which an impairment has been recognised, the balance of trade receivables at year-end 2021 was €137 million (2020: €103 million).

The due dates of the other financial assets have not been exceeded.

x € 1.000

Trade receivables are reported after deduction of impairment losses relating to doubtful receivables. The movement in the provision was as follows:

	2021	2020
Balance at 1 January	4.227	2.741
Additions	64	1.769
Withdrawals	0	-21
Release	-170	-262
<b>Balance at 31 December</b>	<b>4.121</b>	<b>4.227</b>

### Liquidity risk

Liquidity risk is the risk that the Group cannot meet its financial obligations at the time it is required to do so. See also note 6.21, Interest-bearing loans. The liquidity-risk management assumption is that sufficient liquidity levels will be maintained to meet current and future financial obligations, in both normal and exceptional circumstances, without incurring unacceptable risks and without endangering the reputation of the Group.

Weekly 3-month rolling and annual 12-month rolling liquidity forecasts are among the tools used to determine whether the Group has sufficient liquidity available. In addition, the availability of credit, including in the form of headroom available from credit insurers or providers of guarantees, is continuously monitored by regularly making projections of the score in relation to financial covenants and engaging in an active dialogue with all financial stakeholders. Based on this forecast, the Group considers that sufficient liquidity is available to conduct operations.

To secure the availability of financial resources for both the long term and the short term at the end of 2021, Heijmans has access to the following facilities:

- €31 million in cumulative financing preference shares B;
- €117.5 million committed syndicated bank financing, €20 million of which is in the form of a committed overdraft facility linked to a cash pool;
- project financing for property developments; and
- leases of vehicles and equipment.

In order to satisfy clients' requirements for bank guarantees, Heijmans has access to guarantee facilities with various institutions. These facilities are uncommitted. Every month, a projection is made of the use of the available bank guarantee facilities, based on current tenders and expectations regarding the discharge of existing bank guarantees. Based on these projections, Heijmans believes that the present size of the facilities is adequate.

At year-end 2021, the bank guarantee facilities totalled €243 million (2020: €303 million) provided by a total of 10 parties. The overall amount of the facilities was reduced somewhat in 2021 since their use had fallen to €93 million at year-end 2021. Almost €1 million was for guarantees relating to the international activities that were disposed of in 2017, with the rest exclusively concerning guarantees for projects associated with operations in the Netherlands.

x € 1.000

The contractual maturity dates of the financial obligations, including interest payments, are as follows:

31 December 2021	Carrying amount	Contractual cash flow	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Cumulative financing preference shares B	-30.748	-37.657	-2.475	-	-2.217	-2.217	-30.748
Syndicated bank financing	-	-	-	-	-	-	-
Project financing	-11.563	-11.598	-3	-3	-6	-5.083	-6.503
Other non-current liabilities	-2.880	-3.226	-72	-	-72	-3.082	-
Current account overdrafts with credit institutions	-	-	-	-	-	-	-
Trade and other payables	-308.679	-308.679	-308.679	-	-	-	-
<b>Total</b>	<b>-353.870</b>	<b>-361.160</b>	<b>-311.229</b>	<b>-3</b>	<b>-2.295</b>	<b>-10.382</b>	<b>-37.251</b>

31 December 2020	Carrying amount	Contractual cash flow	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Cumulative financing preference shares B	-41.848	-56.913	-3.017	-	-3.017	-9.031	-41.848
Syndicated bank financing	-	-	-	-	-	-	-
Project financing	-12.035	-12.055	-1	-1	-2	-6.762	-5.289
Other non-current liabilities	-2.880	-3.298	-72	-	-72	-3.154	-
Current account overdrafts with credit institutions	-3	-3	-3	-	-	-	-
Trade and other payables	-326.375	-326.375	-326.375	-	-	-	-
<b>Total</b>	<b>-383.141</b>	<b>-398.644</b>	<b>-329.468</b>	<b>-1</b>	<b>-3.091</b>	<b>-18.947</b>	<b>-47.137</b>

For the cumulative financing preference shares B, the nominal value has been taken into account on the maturity date and on the dividend review date. The cumulative financing preference shares B do not have a repayment obligation. In the liquidity analysis, the nominal value of the loan has been included in the period > 5 years. The above table does not include the €15.0 million expected redemption in the first half of 2022. See note 6.21 for a further explanation of this decline and the conditional agreements regarding repayment.

### Market risk

Market risk is the risk that the income of the Group or the value of financial instruments is adversely affected by changes in market prices, for example, due to movements in exchange rates, interest rates and share prices. The objective of managing market risk is to keep the market risk position within acceptable limits while achieving optimum returns.

To manage market risk, derivatives may be bought and sold, and financial commitments may be undertaken. Transactions of this nature are carried out within established guidelines. As at year-end 2021, the Group's subsidiaries and joint arrangements had not contracted any derivative instruments (2020: none).

x € 1.000

### Price risk

Price risk associated with the purchase of raw materials and consumables as well as with outsourced work, is mitigated by making price indexation agreements with clients, or where possible by making price agreements with suppliers at an early stage. If necessary, derivatives may be used occasionally to hedge the price risk of procuring raw materials. As Heijmans has been focusing less in recent years on large, integrated projects, the structure of the order book has become somewhat more short-cyclical. This is mitigating the risk from inflation.

### Interest-rate risk

The interest rate policy at Heijmans is directed towards limiting the impact of changes in interest rates on the Group's results. The interest rate on the cumulative financing preference shares B is reviewed every 5 years and fixed for 5 years. For the majority of the project financing arrangements, fixed interest rates are preferred, giving greater certainty with respect to results on the various projects. Where the syndicated loan is used, financing is at a floating rate. Since this involves financing of working capital, which is generally not required at the end of the year, Heijmans currently sees no benefits for fixing interest rates for longer periods. The present negative Euribor rate is another factor here. This policy is subject to constant evaluation.

If the interest rate for 2021 had been 2 percentage points higher on average, the result before tax based on the average level of debt (including the credit balance at the bank) would have been approximately €3.9 million higher (2020: approximately €2.3 million higher). The effect of a 2 percentage point difference in interest rates on the Group's equity (assuming all other variables remained constant) would have been €2.9 million higher (2020: €1.7 million higher).

The table below shows the periods in which interest rates for interest-bearing financial assets and financial liabilities are reviewed:

	Note	31 December 2021					
		Total	0-6 months	6-12 months	1-2 years	2-5 years	> 5 years
Loans granted	6.13	21.392	11.285	600	-	-	9.507
Cash and cash equivalents	6.18	209.567	209.567	-	-	-	-
Cumulative financing preference shares B	6.21	-30.748	-	-	-	-30.748	-
Syndicated bank financing	6.21	-	-	-	-	-	-
Project financing	6.21	-11.563	-5.065	-	-	-	-6.498
Other non-current liabilities	6.21	-2.880	-	-	-	-2.880	-
Current account overdrafts with credit institutions	6.21	-	-	-	-	-	-
<b>Total</b>		<b>185.768</b>	<b>215.787</b>	<b>600</b>	<b>0</b>	<b>-33.628</b>	<b>3.009</b>

x € 1.000

	31 December 2020						
	Note	Total	0-6 months	6-12 months	1-2 years	2-5 years	> 5 years
Loans granted	6.13	23.380	11.951	643	600	-	10.186
Cash and cash equivalents	6.18	175.063	175.063	-	-	-	-
Cumulative financing preference shares B	6.21	-41.848	-	-	-	-41.848	-
Syndicated bank financing	6.21	-	-	-	-	-	-
Project financing	6.21	-12.035	-6.753	-	-	-	-5.282
Other non-current liabilities	6.21	-2.880	-	-	-	-2.880	-
Current account overdrafts with credit institutions	6.21	-3	-3	-	-	-	-
<b>Total</b>		<b>141.677</b>	<b>180.258</b>	<b>643</b>	<b>600</b>	<b>-44.728</b>	<b>4.904</b>

As at the closing date, 86% (2020: 91%) of the interest-bearing debt had been negotiated at a fixed rate of interest, and 14% (2020: 9%) at a floating rate. Due to seasonal effects, the average debt during the year is higher than the debt at the reporting date. The portion of the gross debt subject to a floating interest rate is also higher during the year. The gross floating rate interest debt is offset by items such as cash and cash equivalents which are also subject to floating rate interest, which was negative throughout the reporting period.

The average weighted term to maturity of the project financing is 4.5 years (2020: 4.9 years).

The interest-bearing loans that were granted and drawn are measured at amortised cost rather than at fair value. The carrying amount of the loans is therefore not affected by changes in interest rates.

### Currency risk

The currency risk on sales, purchases and loans is extremely limited for Heijmans, since by far the greater part of the cash flows within the Group are in euros.

### Fair values

The table below shows the fair values and the carrying amounts of the financial instruments. The fair values are allocated to different levels of the fair-value hierarchy, depending on the inputs used to determine the measurement methods. The levels are defined as follows:

Level 1: quoted (unadjusted) market prices available to the Group on the measurement date, in active markets for identical assets or liabilities.

Level 2: input that is not a quoted market price at level 1 but is obtainable for the asset or liability concerned, either directly (as a price) or indirectly (derived from a price).

Level 3: input for the asset or liability not based on data available in a market (unobservable input).

Heijmans has no financial assets or liabilities measured at fair value.

x € 1.000

			31 December 2021		31 December 2020	
			Carrying amount	Fair value	Carrying amount	Fair value
<b>Loans and receivables</b>						
	Note	Level				
Loans granted	6.13	2	21.392	22.463	23.380	24.359
Trade and other receivables	6.17	*	178.566	178.566	140.979	140.979
Cash and cash equivalents	6.18	*	209.567	209.567	175.063	175.063
Current account overdrafts with credit institutions	6.21	*	-	-	-3	-3
Cumulative financing preference shares B	6.21	2	-30.748	-33.403	-41.848	-45.275
Syndicated bank financing	6.21	2	-	-	-	-
Project financing	6.21	2	-11.563	-11.390	-12.035	-11.582
Other non-current liabilities	6.21	2	-2.880	-3.088	-2.880	-3.030
Trade and other payables	6.24	*	-308.679	-308.679	-326.375	-326.375
			<b>55.655</b>	<b>54.036</b>	<b>-43.719</b>	<b>-45.864</b>

\* The carrying amount is a reasonable approximation of the fair value.

The above values are based on the present value of future cash flows. The loans with a fixed interest rate are discounted using the yield curve for 31 December 2021, plus the relevant risk markup.

All loans with a variable interest rate are assumed to have a fair value equal to their carrying amount. Credit risk has no significant effect on the carrying amount of these loans.

### Capital management

The policy has been designed to achieve a sound capital position with sufficient availability of credit to be able to ensure continuity for stakeholders. A sound long-term capital structure is based on operating with sufficient headroom within the limits of the covenants. This concerns the leverage ratio, being net interest-bearing debt after deduction of cumulative financing preference shares B plus non-recourse finance divided by EBITDA not exceeding 3 and an interest cover ratio of at least 5 and a solvency ratio of at least 21% (see also note 6.21 for a description of the financial ratios in the conditions agreed with the banks).

x € 1.000

## 6.26 Investment commitments

	31 December 2021	31 December 2020
<b>Contractual commitments for:</b>		
- acquisition of property, plant and equipment	6.627	1.262
- acquisition of land	1.219	8.027
	<b>7.846</b>	<b>9.289</b>

Contractual commitments for acquisition of property, plant and equipment of €6.6 million were entered into principally for plant for the IIBO factory. See also note 6.9 Property, plant and equipment.

There are no Group guarantees for the capital expenditure commitments (2020: none).

In general, the contractual commitments to purchase land will materialise in 1 to 10 years.

No investment commitments have been entered into by joint operations in which Heijmans participates (2020: none). The amount presented is Heijmans' share of the commitments undertaken by the joint operations.

The joint ventures in which Heijmans participates have undertaken investment commitments of €19 million (2020: €25 million), this amount being Heijmans' portion. This mainly concerns the acquisition of land for the construction of housing projects shortly after acquisition.



x € 1.000

## 6.27 Contingent liabilities

### General

Contingent liabilities are potential liabilities resulting from events prior to the reporting date. The liabilities are potential because the outflow of economic resources depends on the occurrence of uncertain events in the future.

Contingent liabilities can be divided into bank guarantees, Group guarantees and other contingent liabilities.

Bank and Group guarantees	31 December 2021	31 December 2020
<b>Bank guarantees relating to:</b>		
Execution of projects	91.193	116.307
Tenders	213	4.411
Other	1.276	3.675
	<b>92.682</b>	<b>124.393</b>
<b>Group guarantees relating to:</b>		
Execution of projects	290.859	316.661
Credit and bank guarantee facilities	19.158	20.658
	<b>310.017</b>	<b>337.319</b>
<b>Total</b>	<b>402.699</b>	<b>461.712</b>

The Group guarantees associated with financing facilities have been provided in connection with project financing, bank guarantees and credit facilities applying to subsidiaries, joint operations and joint ventures. Heijmans has guaranteed its share of the debt of various joint operations and property joint ventures, which amounts to €19 million (2020: €21 million). The Group does not expect to incur material credit losses on this.

The Group guarantees issued for divested operations (Leadbitter) are not included in the above table. They amount to €41 million (2020: €39 million). The increase is due largely to exchange rate movements. With regard to work completed and work in progress, the guarantees will be taken over by the buyer if possible. Where this is not possible, the buyer has provided a bank or corporate guarantee.

### Other contingent liabilities

The other contingent liabilities with a significant cash impact as at year-end 2021 amount to €16 million (2020: €29 million) and those with a limited cash impact €60 million (2020: €62 million), making a total of €76 million (2020: €91 million). Of the total amount, €1 million (2020: €5 million) is recognised under joint operations. This relates mainly to commitments to acquire land when the building permit is obtained and/or a certain sales percentage is achieved. No Group guarantees were issued in respect of this in 2021 (2020: none).

At year-end 2021, the joint ventures in which Heijmans participates had no contingent liabilities with significant cash impact (2020: none) but had contingent liabilities with a limited cash impact amounting to €11 million (2020: €12 million), making a total of €11 million (2020: €12 million). This relates mainly to commitments to acquire land when the building permit is obtained and/or a certain sales percentage is achieved. The aforementioned amounts relate to Heijmans' share in the joint ventures.

x € 1.000

## 6.28 Related parties

Related parties for Heijmans can be divided into subsidiaries, associates, joint arrangements (joint ventures and joint operations), the members of the Supervisory Board and the members of the Executive Board. Transactions with related parties are conducted at arm's length, on terms comparable to those for transactions with third parties.

### **Transactions with subsidiaries, associates, joint ventures and joint operations**

Heijmans undertakes a number of operating activities together with related parties, including in the form of joint arrangements. Significant transactions in this context are the contribution of land holdings to joint arrangements and/or their financing. In addition, large and complex projects are carried out in partnership with other companies.

There are no transactions with the organisation's management, with the exception of the remuneration discussed below. For information on the relationships with joint ventures and associates, see note 6.12.

The Group's share in the revenue and total assets of joint operations is analysed by segment below:

x € 1.000

<b>2021</b>					
<b>Business segments In € million</b>	Property Development	Building & Technology	Infra	Eliminations	<b>Total</b>
Revenue	28,8	34,1	35,0	-23,1	74,8
Costs	-24,4	-31,8	-33,1	22,9	-66,4
Non-current assets	0,0	0,0	0,7	-	0,7
Current assets	36,8	19,0	29,7	-	85,5
<b>Total assets</b>	<b>36,8</b>	<b>19,0</b>	<b>30,4</b>	<b>0,0</b>	<b>86,2</b>
Non-current liabilities	6,5	0,6	0,4	0,0	7,5
Current liabilities	9,5	11,1	33,8	-	54,4
<b>Total liabilities</b>	<b>16,0</b>	<b>11,7</b>	<b>34,2</b>	<b>0,0</b>	<b>61,9</b>
<b>Equity</b>	<b>20,8</b>	<b>7,3</b>	<b>-3,8</b>	<b>0,0</b>	<b>24,3</b>

<b>2020</b>					
<b>Business segments In € million</b>	Property Development	Building & Technology	Infra	Eliminations	<b>Total</b>
Revenue	37,0	56,6	56,2	-33,8	116,0
Costs	-33,9	-54,5	-45,4	33,8	-100,0
Non-current assets	1,3	0,0	0,3	-	1,6
Current assets	41,5	26,3	14,1	-	81,9
<b>Total assets</b>	<b>42,8</b>	<b>26,3</b>	<b>14,4</b>	<b>0,0</b>	<b>83,5</b>
Non-current liabilities	5,3	0,6	0,4	0,0	6,3
Current liabilities	6,8	17,2	14,9	-	38,9
<b>Total liabilities</b>	<b>12,1</b>	<b>17,8</b>	<b>15,3</b>	<b>0,0</b>	<b>45,2</b>
<b>Equity</b>	<b>30,7</b>	<b>8,5</b>	<b>-0,9</b>	<b>0,0</b>	<b>38,3</b>

x € 1.000

### Remuneration of Supervisory Directors

All Supervisory Directors receive a fixed annual fee that is not dependent on the results in any single year. They also receive a fixed or variable expense allowance. They have not been allocated any options or depositary receipts for shares. As at year-end 2021, the members of the Supervisory Board owned a total of 13,158 depositary receipts for Heijmans shares (2020: 18,162). Mr Vollebregt holds 13,158 shares (2020:12,500) and Mr Witzel, who resigned in November 2021, held 5,662 shares at the end of 2020. None of the Supervisory Directors has any other business links to Heijmans from which they could derive personal gain.

The total payments granted to Supervisory Directors in 2021 and 2020 were as follows:

in €	2021	2020
Sj.S. Vollebregt- chairman*	62.360	60.000
Drs. PG. Boumeester**	-	14.064
Ing. R. van Gelder BA***	-	15.860
R. Icke RA****	55.085	54.378
Mr. M.M. Jonk*****	55.085	54.078
J.W.M. Knape-Vosmer MBA*****	49.226	45.571
G.A. Witzel*****	44.344	33.630
Drs. A.E. Traas RA*****	47.810	-
<b>Total</b>	<b>313.910</b>	<b>277.581</b>

\* Supervisory Director since 15 April 2015 and Chairman since 13 April 2016

\*\* Supervisory Director from 28 April 2010 to 15 April 2020

\*\*\* Supervisory Director from 1 July 2010 to 15 April 2020

\*\*\*\* Supervisory Director since 9 April 2008

\*\*\*\*\* Supervisory Director since 6 December 2018

\*\*\*\*\* Supervisory Director since 15 April 2020. In 2020, the recognised amount included remuneration of €11,029 in respect of the induction period from January to mid-April 2020.

\*\*\*\*\* Supervisory Director since 15 April 2020 to 12 November 2021

\*\*\*\*\* Supervisory Director since 14 April 2021 In 2021, the recognised amount included remuneration of €11,953 in respect of the induction period from January to mid-April 2021. een vergoeding van € 11.953 voor de inwerkperiode van januari tot medio april 2021

x € 1.000

## Remuneration of members of the Executive Board

### Fixed and variable remuneration paid to members of the Executive Board

The amounts paid out in 2020 and 2021 and the amounts payable in 2022 in respect of fixed and variable remuneration for the members of the Executive Board are as follows:

in €	Gross fixed remuneration			Variable remuneration			Total remuneration		
	Payable in 2022	Paid in 2021	Paid in 2020	Payable in 2022	Paid in 2021	Paid in 2020	Payable in 2022	Paid in 2021	Paid in 2020
A.G.J. Hillen	566.667	550.000	500.000	658.309	606.534	498.461	1.224.976	1.156.534	998.461
J.G. Janssen	-	123.958	425.000	70.895	515.554	423.692	70.895	639.512	848.692
G.M.P.A. van Boekel	425.000	141.667	-	129.721	150.000	-	554.721	291.667	-
<b>Total</b>	<b>991.667</b>	<b>815.625</b>	<b>925.000</b>	<b>858.925</b>	<b>1.272.088</b>	<b>922.153</b>	<b>1.850.592</b>	<b>2.087.713</b>	<b>1.847.153</b>

The variable remuneration payable in 2022 includes the long-term variable remuneration for the period 2019-2021 (see below). The variable remuneration paid to Mr van Boekel in 2021 related to the sum granted on joining (see the Remuneration Report in the annual report for further details).

### Charges recognised in the statement of profit or loss relating to the remuneration of the members of the Executive Board

The composition of the remuneration paid to each member of the Executive Board is as:

in €		Gross fixed remuneration	Short term variable remuneration	Long-term variable remuneration	Pension contributions	Signing bonus	Expense allowances including reimbursement of car expenses, compulsory social insurance contributions and costs of the Share Matching Plan	Total
A.G.J. Hillen*	2021	550.000	314.559	352.083	203.140	-	121.034	1.540.816
	2020	500.000	325.284	281.250	203.086	-	109.115	1.418.735
J.G. Janssen**	2021	123.958	70.895	-	25.667	-	16.591	237.111
	2020	425.000	276.491	26.563	88.000	-	41.717	857.771
G.M.P.A. van Boekel***	2021	141.667	81.023	118.899	21.667	16.667	16.767	396.690
	2020	-	-	-	-	-	-	-
<b>Total</b>	2021	815.625	466.477	470.982	250.474	16.667	154.392	2.174.617
	2020	925.000	601.775	307.813	291.086	0	150.832	2.276.506

\* Chairman of the Executive Board since 1 December 2016 and member of the Executive Board since 18 April 2012

\*\* Member of the Executive Board from 13 October 2017 to 15 April 2021

\*\*\* Member of the Executive Board since 1 September 2021

x € 1.000

The members of the Executive Board were awarded a short-term variable bonus for 2021 of 57% of the basic salary due to the targets achieved in 2021. For the period 2019-2021, long-term variable remuneration of 69% of basic pay was awarded, following achievement of the targets for this period. For more information, refer to the remuneration report in the directors' report.

Heijmans has reserved €328,534 for variable remuneration for the members of the Executive Board relating to the periods 2020-2022 and 2021-2023 (2020: €250,000 for the periods 2019-2021 and 2020-2022); €258,333 has been reserved for Mr Hillen (2020 €250,000) and €70,201 for Mr van Boekel (2020: nil).

When he joined, Mr van Boekel was awarded a signing bonus of €150,000, that vests in September 2024. The charge will be recognised through the statement of profit or loss on a time proportion basis during the period before the bonus vests.

In order to bind directors to the Company for the long term and to encourage a focus on long-term value creation, with effect from 2010 a Bonus Investment Share Matching Plan has been applicable under which directors can opt to use part of their variable short-term remuneration to purchase Heijmans shares.

In April 2018, Mr. Hillen acquired 5,000 depository receipts for Heijmans shares with 12% of the awarded short-term bonus for 2017. In the context of the Share Matching Plan, a conditional depository receipt was granted for each share acquired. These shares become vested after three years. In April 2021, the Group repurchased 5,000 shares and granted them to Mr Hillen; these shares are subject to a mandatory lock-up period of two years. In the statement of profit or loss for 2021, Heijmans recognised an amount of €5,458 (2020 €16,375) as a charge related to the shares granted in April 2018.

In April 2019, Mr Hillen and Mr Janssen, exercising 30% and 23%, respectively, of the short-term bonus awards for 2018, purchased 7,500 and 5,000 depository receipts for Heijmans shares. In the context of the Share Matching Plan, a conditional depository receipt was granted for each share acquired. These conditionally granted depository receipts for shares become vested after three years. The depository receipts conditionally granted to Mr Janssen have lapsed in view of his retirement on 15 April 2021. The total charge associated with the granting of the shares is calculated at the time the shares are awarded and is recognised on a time-weighted basis in the statement of profit or loss during the period in which the awarded shares are vested. In the statement of profit or loss for 2021, Heijmans recognised an amount of €24,875 (2020 €13,819) as a charge related to the shares granted in April 2019.

In April 2020, Mr Hillen and Mr Janssen, exercising 30% and 24%, respectively, of the short-term bonus awards for 2019, purchased 13,000 and 8,700 depository receipts for Heijmans shares. In the context of the Share Matching Plan, a conditional depository receipt was granted for each share acquired. These conditionally granted depository receipts for shares become vested after three years. The depository receipts conditionally granted to Mr Janssen have lapsed in view of his retirement on 15 April 2021. The total charge associated with the granting of the shares is calculated at the time the shares are awarded and is recognised on a time-weighted basis in the statement of profit or loss during the period in which the awarded shares are vested. In the statement of profit or loss for 2021, Heijmans recognised an amount of €24,570 (2020: €16,380) as a charge related to the shares granted in April 2020.

In April 2021, Mr. Hillen acquired 5,500 depository receipts for Heijmans shares with 23% of the awarded short-term bonus for 2020. In the context of the Share Matching Plan, a conditional depository receipt was granted for each share acquired.

x € 1.000

These conditionally granted depositary receipts for shares become vested after three years. In the statement of profit or loss for 2021, Heijmans recognised an amount of €16,744 (2020: nil) as a charge related to the shares granted in April 2021.

The pension scheme for Mr Hillen pertains to the pension scheme of the industry-wide pension fund and a defined- contribution plan. Mr. Hillen also receives an annual compensation of €37,410 (2020: €36,857), adjusted for possible collective labour agreement salary increases, for the lapse of the early retirement pension scheme. Mr. Hillen also received compensation of €95,014 in 2021 (2020: €95,523) for the loss of pension accrual on his salary over and above €112,189, plus a compensation of €50,232 (2020: €50,232) for the loss of the indexation in the Delta Lloyd average salary scheme. Mr Janssen received a fixed fee, before pension contributions, of €25,667 in 2021 (2020: €88,000). Mr Van Boekel received a fixed fee, before pension contributions, of €21,667 in 2021 (2020: nil).

The pension charge is calculated in accordance with accounting policy 23.

As at year-end 2021, the members of the Executive Board owned a total of 52,971 depositary receipts for Heijmans shares. The ownership of these shares is partly a consequence of the Share Matching Plan as described above and partly the result of the purchase of shares by members of the Executive Board. The ownership of depositary receipts for Heijmans shares by the individual members of the Executive Board at year-end 2021 is as shown below:

Shares owned on 31 December	2021
A.G.J. Hillen - Chairman	52.971
<b>Total</b>	<b>52.971</b>

#### Remuneration of former members of the Executive Board

€23,745 has been recognised in the statement of profit or loss for 2021 (2020: nil) in respect of the fees that Mr Janssen received for his work as an adviser in the period 16 up to and including 30 April 2021. No amount has been recognised in the statement of profit or loss for 2021 (2020: €32,250) in respect of the fees that Mr Witzel, a former member of the Executive Board, receives under his management agreement. Mr Witzel's duties continued to the end of February 2020 and involved consultancy work and the management of major projects.

x € 1.000

## 6.29 Management estimates and judgements

The accounting information in the financial statements is partly based on estimates and assumptions. The Group makes these estimates and makes assumptions about future developments, based on factors such as experience and expectations about future events that may reasonably be expected to occur given the current state of affairs. These estimates and assumptions are continually reassessed.

Revisions of estimates and assumptions, or differences between estimates and assumptions and actual outcomes, may lead to material adjustments to the carrying amounts of assets and liabilities.

Supplementary to the estimates already described in the accounting policies (section 5) and the explanatory notes (6.1 to 6.28), the key elements of estimation uncertainty are explained below.

### Covid-19

The impact of Covid-19 on the Group's financial results in 2021 was relatively limited. Largely because the Group is active solely in the Netherlands, where there has been no cessation of work on construction projects. The main problem for the Group stemmed from greater difficulties with obtaining materials and labour from outside the Netherlands, which disrupted our tightly organised logistics processes. For the years ahead, results will depend to some extent on the economic impact of Covid-19. It is currently unclear what impact the virus will have on the spending patterns of both public-sector and private-sector clients and on consumer confidence. The effects are being constantly monitored by the Executive Board. The prospects for the Group in the years ahead are good, given the orders on the books and the leeway afforded by the financing facilities among other factors.

### Nitrogen problem (PAS)

The nitrogen problem had only a limited effect on the Group's financial results in 2021. It created delays in tenders for large infrastructure projects. The delays in carrying out our projects are currently limited. The possible effects of delays in issuing permits are monitored constantly. The prospects for the Group in the years ahead are good, given the orders on the books and the leeway afforded by the financing facilities among other factors.

### Climate matters

Climate change brings both risks and opportunities for the Group. These may have consequences for the medium-term forecasts that underlie the measurement of assets, in particular joint ventures and associates, strategic land holdings, deferred tax assets and intangible assets.

Appendix 15.7.11 to the annual report lists the opportunities and risks related to climate change. This shows that the opportunities are greater than the risks. The Group does not see any reason to adjust its medium-term projections downwards.

### Measurement of projects

For more information on the key assumptions used in the measurement of projects, see note 6.16, Work in progress.

A higher estimation uncertainty applies in the case of the Wintrack II project. These contracts, with an agreed price of €250 million, concerned the construction of pylons on two new high-voltage transmission lines, Eemshaven-Vierverlaten and Borssele-Rilland, to be carried out by the Heijmans Europolos BV consortium. In early September 2018, the client TenneT dissolved ('ontbonden') or alternatively terminated ('opgezegd') the agreements.

The various parties have filed considerable claims and counterclaims with regard to the agreed price.



x € 1.000

Arbiters ruled that TenneT lawfully dissolved the contracts out of court. In accordance with the ruling, Heijmans has for prudence formed a provision of €34 million charged to the result for 2021. The total claims for damages filed by TenneT have not been measured as no reliable estimate is available. The claims filed by Heijmans Euro poles BV against TenneT have also not been measured. If a decision eventually goes against the consortium, there may well be a considerable outflow of resources (on top of the €34 million already provided) following settlement of a future assessment of damages. The consortium, supported by internal and external legal advisers, has instituted an appeal and remains confident of a favourable outcome.

In view of the ongoing arbitration/appeal, no further information will be provided as this could adversely affect the proceedings.

### **Financing**

Note 6.21 discloses the conditions attached to the financing in greater detail. An important condition involves satisfying the banking covenant ratios, specifically the interest cover ratio, the leverage ratio and the solvency ratio. Proper management of project risks (see above) is crucial to meeting the ratios. The same applies to the achievement of the 2022 business plan and longer-term projection.

### **Pensions**

The key actuarial assumptions for the calculation of the pension obligations are outlined in note 6.22.

### **Deferred tax assets**

For more information on the key assumptions used in the measurement of deferred tax assets, refer to note 6.14 'Deferred tax assets and liabilities'.

### **Strategic land holdings**

For more information on the key assumptions used in the measurement of the strategic land holdings, refer to note 6.15 'Inventories'.

### **Intangible assets**

For the main principles used in the annual determination of the recoverable amount of intangible assets, see note 6.11 'Intangible assets'.

## **6.30 Events after the reporting date**

In the period prior to signing, no significant events have occurred that would have an effect on these financial statements.

## 7. Subsidiaries and joint operations

The following entities were included in the consolidation in 2021. Wholly-owned entities are subsidiaries. The remaining entities are joint operations. For practical reasons, entities of only minor significance are not included in this list. A complete list of the subsidiaries included in the consolidation and other interests is deposited with the Trade Register at the Chamber of Commerce in Eindhoven.

	31 December 2021	31 December 2020
<b>Heijmans Nederland B.V., Rosmalen</b>	100%	100%
<b>Heijmans Vastgoed B.V., Rosmalen</b>	100%	100%
Heijmans Vastgoed Deelnemingen B.V., Rosmalen	100%	100%
V.O.F. Oosterlinge 2, Rosmalen	50%	50%
Westergouwe V.O.F., Nieuwegein	50%	50%
OC Gasthuiskwartier V.O.F., Rosmalen	50%	50%
Terra Ontwikkeling C.V., Rosmalen	100%	100%
<b>Heijmans Woningbouw B.V., Rosmalen</b>	100%	100%
Heijmans Huizen B.V., Huizen	100%	100%
Bouwcombinatie Gasthuiskwartier V.O.F., Rosmalen	50%	50%
Bouwcombinatie HoogDalem V.O.F., Rosmalen	50%	50%
<b>Heijmans Utiliteit B.V., Rosmalen</b>	100%	100%
Heijmans Utiliteit Metaal B.V., Rosmalen	100%	100%
Hart van Zuid V.O.F., Nieuwegein	50%	50%
<b>Heijmans Infrastructuur B.V., Rosmalen</b>	100%	100%
<b>Heijmans Infra B.V., Rosmalen</b>	100%	100%
Waalensemble V.O.F., Rosmalen	33%	33%
Heijmans-Dynniq HLD V.O.F., Rosmalen	50%	50%
<b>Heijmans Facilitair Bedrijf B.V., Rosmalen</b>	100%	100%
Heijmans Materieel Beheer B.V., Rosmalen	100%	100%

# 8. Company financial statements

x € 1.000

## 8.1 General

The company financial statements are part of the 2021 financial statements of Heijmans N.V.

Please refer to the notes to the consolidated statement of profit or loss and statement of financial position for items in the company statement of profit or loss and statement of financial position for which no additional explanations are provided.

## 8.2 Accounting policies for measuring assets and liabilities and the determination of results

For determining the accounting policies to use for measuring the assets and liabilities and the determination of results of its separate financial statements, Heijmans N.V. makes use of the option provided in Section 362(8) of Book 2 of the Dutch Civil Code. This means that the basis for measuring assets and liabilities and the determination of results (accounting policies) applied in the separate financial statements of Heijmans N.V. are the same as those applied in the consolidated EU-IFRS financial statements. Investees over which significant control is exercised are recognised using the equity method. Any impairment of the receivables from group companies relating to expected credit losses is eliminated in the recognised amounts and consequently does not affect the statement of profit or loss or the statement of financial position in any way. Heijmans N.V. is registered with the Chamber of Commerce under number 16004309.

The share in the result of investees consists of the share of Heijmans N.V. in the result of these investees. Results from transactions where there is a transfer of assets and liabilities between Heijmans N.V. and its investees or between investees themselves are not recognised insofar as they can be deemed to be unrealised.

For details of the remuneration of the members of the Supervisory Board and the Executive Board, see note 6.28 to the consolidated financial statements.

x € 1.000

**8.3 Company statement of profit or loss for 2021**

	2021	2020
Administrative expenses	-2.769	-3.037
<b>Operating result</b>	<b>-2.769</b>	<b>-3.037</b>
Finance income	67	60
Finance expense	-4.340	-4.597
<b>Result before tax</b>	<b>-7.042</b>	<b>-7.574</b>
Income tax	7.098	17.373
Share in profit or loss of investees	50.243	30.349
<b>Result after tax</b>	<b>50.299</b>	<b>40.148</b>

The remuneration for the members of the Supervisory Board, the Executive Board and the Board's Secretariat are recognised in the company financial statements (see note 6.28 to the consolidated financial statements).

Heijmans N.V employed an average of four staff in 2021 (2020:4).

x € 1.000

#### 8.4 Company statement of financial position at 31 December 2021 (before appropriation of result)

Assets	31 December 2021	31 December 2020
<b>Non-current assets</b>		
Intangible assets	21.207	21.207
Financial assets	63.481	69.868
	<b>84.688</b>	<b>91.075</b>
<b>Current assets</b>		
Receivables	499.486	495.628
Cash and cash equivalents	74.283	47.179
	<b>573.769</b>	<b>542.807</b>
	<b>658.457</b>	<b>633.882</b>
<b>Equity and liabilities</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Equity</b>		
Issued capital	6.828	6.580
Share premium reserve	257.018	245.773
Statutory reserve for investees	29.859	43.859
Reserve for actuarial results	-60.214	-55.635
Reserve for Bonus Investment Share Matching Plan	340	344
Retained earnings	-16.545	-54.660
Result after tax for the current financial year	50.299	40.148
	<b>267.585</b>	<b>226.409</b>
<b>Non-current liabilities</b>	<b>28.265</b>	<b>38.748</b>
<b>Current liabilities</b>	<b>362.607</b>	<b>368.725</b>
	<b>658.457</b>	<b>633.882</b>

x € 1.000

## 8.5 Notes to the company statement of financial position

Intangible assets (goodwill)	2021	2020
<b>Carrying amount</b>		
Balance at 1 January	21.207	21.207
<b>Balance at 31 December</b>	<b>21.207</b>	<b>21.207</b>
<b>Financial assets</b>	<b>2021</b>	<b>2020</b>
Investments in Group companies	37.972	38.150
Deferred tax asset	25.509	31.718
<b>Total financial assets</b>	<b>63.481</b>	<b>69.868</b>
<b>Investments in Group companies</b>		
Balance at 1 January	-13.163	-48.512
Share in results of investees after tax	50.243	30.349
Changes in cash flow hedges	0	666
Changes in actuarial results relating to employee benefits	-4.579	4.334
<b>Balance at 31 December</b>	<b>32.501</b>	<b>-13.163</b>
Set off against receivables from Group companies	-5.471	-51.313
Recognised under financial assets	37.972	38.150

The investments in Group companies are direct or indirect interests in them. The principal Group companies are listed in section 7 of the consolidated financial statements.

### Deferred tax assets

Deferred tax assets relate to losses of the Heijmans N.V. tax group which have been recognised but not yet utilised. The movements in the financial year were as follows:

x € 1.000

	2021	2020
Balance at 1 January	31.718	29.293
Effect of changes in the tax rate	791	3.632
Prior-year adjustment	1.434	0
Charge for the financial year	-13.012	-14.597
Recognition of previously unrecognised losses	11.421	13.390
Impact of new loss relief rules	-6.843	0
<b>Balance at 31 December</b>	<b>25.509</b>	<b>31.718</b>

See note 6.14 to the consolidated financial statements for details of the deferred tax asset relating to losses of the Heijmans N.V tax group which have not yet been utilised.

Receivables	31 December 2021	31 December 2020
Group companies	499.399	495.559
Other receivables	87	69
	<b>499.486</b>	<b>495.628</b>

Receivables from group companies predominantly have a maturity of more than one year.

### Cash and cash equivalents

Cash balances are at the free disposal of the Company.

### Equity

2021	Issued capital	Share premium reserve	Statutory reserve for investees	Hedging reserve	Reserve for actuarial results	Reserve for Bonus Investment Share Matching Plan	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January	6.580	245.773	43.859	0	-55.635	344	-54.660	40.148	226.409
Share issue	67	3.027	0	0	0	0	0	0	3.094
Dividend payments	181	8.218	0	0	0	0	-16.033	0	-7.634
Reclassification	0	0	-14.000	0	0	0	14.000	0	0
Bonus Investment Share Matching Plan	0	0	0	0	0	-4	0	0	-4
Appropriation of result for 2020	0	0	0	0	0	0	40.148	-40.148	0
Comprehensive income	0	0	0	0	-4.579	0	0	50.299	45.720
<b>Balance at 31 December</b>	<b>6.828</b>	<b>257.018</b>	<b>29.859</b>	<b>0</b>	<b>-60.214</b>	<b>340</b>	<b>-16.545</b>	<b>50.299</b>	<b>267.585</b>

x € 1.000

2020	Issued capital	Share premium reserve	Statutory reserve for investees	Hedging reserve	Reserve for actuarial results	Reserve for Bonus Investment Share Matching Plan	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January	6.423	242.680	46.959	-666	-59.969	297	-87.816	30.056	177.964
Share issue	157	3.093	0	0	0	0	0	0	3.250
Reclassification	0	0	-3.100	0	0	0	3.100	0	0
Bonus Investment Share Matching Plan	0	0	0	0	0	47	0	0	47
Appropriation of result for 2019	0	0	0	0	0	0	30.056	-30.056	0
Comprehensive income	0	0	0	666	4.334	0	0	40.148	45.148
<b>Balance at 31 December</b>	<b>6.580</b>	<b>245.773</b>	<b>43.859</b>	<b>0</b>	<b>-55.635</b>	<b>344</b>	<b>-54.660</b>	<b>40.148</b>	<b>226.409</b>

### Authorised share capital

Composition of the authorised share capital is as follows:

in €	31 December 2021	31 December 2020
35,100,000 ordinary shares, each with a nominal value of €0.30	10.530.000	10.530.000
7,000,000 cumulative financing preference shares B, each with a nominal value of €0.21	1.470.000	1.470.000
8,000,000 protective preference shares, each with a nominal value of €1.50	12.000.000	12.000.000
	<b>24.000.000</b>	<b>24.000.000</b>

As at 31 December 2021, the number of ordinary shares issued was 22,760,479 (2020: 21,933,477). All the outstanding shares are paid up, which represents a value of €6,828,143.70 (2020: 6,580,043.10 at €0.30 per share). Depositary receipts are issued for ordinary shares. Holders of depositary receipts have the option to convert these into shares under certain conditions. This option has been exercised for 7 depositary receipts. The holders of ordinary shares or their depositary receipts are entitled to dividend and have the right to exercise 30 votes per share at meetings of the Company's shareholders.

Refer to section 6.21 of the consolidated financial statements for the notes on the rights and obligations relating to the cumulative financing preference shares B.

### Share premium reserve

The share premium reserve consists of the capital paid up in excess of the nominal value.

### Reserve for investees

The statutory reserve for investees represents the difference between the retained earnings and the direct changes in equity as calculated using the parent company's accounting policies on the one hand and that portion for which the parent company can determine distribution on the other hand. The statutory reserve is determined for each investee individually. This reserve is not freely distributable.



x € 1.000

**Hedging reserve**

The hedging reserve represents the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments relating to hedged transactions that have not yet occurred. This reserve is not freely distributable.

**Reserve for actuarial results**

The reserve for actuarial results represents the actuarial results on employee-benefits (see note 6.22 to the consolidated financial statements).

**Reserve for Bonus Investment Share Matching Plan**

For information on the reserve for the Bonus Investment Share Matching Plan, see note 6.28 to the consolidated financial statements.

**Appropriation of result**

It is proposed to distribute 40% of the result after tax, of €50 million, as dividend on ordinary shares of their depository receipts and to add the remainder to the reserves, as stated in the 'Appropriation of results' section of the report.

Payables	31 December 2021	31 December 2020
<b>Non-current liabilities</b>		
Financing preference shares	28.265	38.748
Syndicated bank financing	0	0
	<b>28.265</b>	<b>38.748</b>
<b>Current liabilities</b>		
Group companies	357.464	362.097
Dividend payable on financing preference shares	2.483	3.093
Financing preference shares	2.483	3.100
Other liabilities	177	435
	<b>362.607</b>	<b>368.725</b>
<b>Movements in financing preference shares</b>	<b>2021</b>	<b>2020</b>
Opening balance	41.848	45.100
Redeemed	-11.100	-3.252
<b>Closing balance</b>	<b>30.748</b>	<b>41.848</b>

x € 1.000

## 8.6 Liabilities not disclosed in the statement of financial position

Contingent liabilities	31 December 2021	31 December 2020
Bank guarantees	92.682	124.393
Group guarantees to clients	290.859	316.661
Group guarantees to credit institutions	19.158	20.658
	<b>402.699</b>	<b>461.712</b>

For information on the guarantees, see note 6.27 to the consolidated financial statements.

### Joint and several liability and guarantees

With the exception of Heijmans Deutschland B.V., Heijmans Technology B.V. Brabotech Metselwerken B.V. Heijmans Management Deelnemingen B.V., Heijmans Management Gebiedsontwikkeling a/d Maas B.V. Heijmans Infra A27/A1 B.V., Heijmans Energie B.V., Matching Materials B.V., Interterra Beheer B.V., Heijmans Infra Commandiet B.V. and Verbree B.V., statements of joint and several liability as referred to under Section 403(1)(f) of Book 2 of the Dutch Civil Code have been filed with the Trade Register of the respective Chambers of Commerce. The subsidiaries included in the consolidation and other interests are listed in section 7 of the consolidated financial statements.

### Tax Group

Together with its Dutch subsidiaries, Heijmans N.V. forms a tax group for the purposes of corporate income tax and value added tax. In accordance with the standard applicable conditions, each company is jointly and severally liable for the tax liabilities of every company that is part of the tax group.

### Share in results of investees

This is the company's share in the results of its investees, all of which are Group companies.

### Auditors' fees

The following fees for Ernst & Young Accountants LLP have been charged to the Company, its subsidiaries and other companies included in the consolidated figures. These are disclosed in accordance with the provisions in Section 382a Book 2 of the Dutch Civil Code.

x € 1.000

x € 1.000	2021		
	Ernst & Young Accountants LLP	Other EY network firms	Total EY
Examination of the financial statements	1.727	-	1.727
Other audit engagements	113	10	123
Tax consultancy services	-	-	0
Other non-audit services	35	-	35
	<b>1.875</b>	<b>10</b>	<b>1.885</b>

In addition to performing the audit of the financial statements required by law, Ernst & Young Accountants LLP provided the following permitted services: assurance report relating to the sustainability information contained in the directors' report, in particular agreed activities with respect to the 'Compliance Certificate' for the banking group and various specific declarations concerning revenue, key figures and projects. The costs relating to the examination of the financial statements for the foreign subsidiaries are billed directly by Ernst & Young Accountants LLP.

x € 1.000	2020		
	Ernst & Young Accountants LLP	Other EY network firms	Total EY
Examination of the financial statements	1.741	-	1.741
Other audit engagements	96	10	106
Tax consultancy services	-	-	0
Other non-audit services	26	-	26
	<b>1.863</b>	<b>10</b>	<b>1.873</b>

### Events after balance date

In the period prior to signing, no significant events occurred that would have an effect on these financial statements.

Rosmalen, 25 February 2022

### The members of the Executive Board

A.G.J. Hillen  
G.M.P.A. van Boekel

### The members of the Supervisory Board

Sj.S. Vollebregt  
R. Icke  
M.M. Jonk  
J.W.M. Knape-Vosmer  
A.E. Traas



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## 15.1 Result appropriation

In accordance with article 31 of the Articles of Association, profit is distributed as follows:

- subject to the approval of the Supervisory Board, the Executive Board transfers as much of the profit to the reserves as it deems necessary;
- in so far as the profit is not transferred to the reserves, it is available to the General Meeting of Shareholders in whole or in part for transfer to the reserves or in whole or in part for distribution to the holders of ordinary shares in proportion to the number of ordinary shares held.

Subject to approval by the Supervisory Board, the Executive Board has decided to pay out 40% of the result after tax of € 50 million as dividend on the (depository receipts for) ordinary shares and to add the remainder to the reserves.

### **Dividend policy**

Heijmans N.V. maintains a dividend policy whereby, barring exceptional circumstances, the pay-out ratio amounts to 40% of the profit from ordinary business operations after tax.

## 15.2 Executive Board statement

To fulfil their legal obligation pursuant to Section 2:101 (2) of the Dutch Civil Code and Section 5: 25c (2)(c) of the Dutch Financial Supervision Act (Wft), each member of the Executive Board states that to the best of their knowledge:

- the financial statements give a true and fair view of the assets, the liabilities, the financial position and the results of the Company and the companies included in the consolidation;

and

- the annual report provides a true and fair view of the situation as at 31 December 2021 and the developments at the Company and its affiliated companies during the 2021 financial year, and of the data presented in its financial statements, and that the annual report describes the material risks the issuing institution faces.

Supplementary to the above, each member of the Executive Board states that, to the best of their knowledge:

- the report provides sufficient insight into any deficiencies in the effectiveness of the Company's risk management and control systems (see chapter 13.4 Risk management and appendix 15.3 Risk matrix);
- the above-mentioned systems provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies (see chapter 13.4 Risk management and appendix 15.3 Risk matrix);
- that on the basis of the current state of affairs it is justified that the financial reporting was prepared on the basis of a going concern (see chapter 14 Financial statements – explanatory notes);

and

- the report cites the material risks and uncertainties that are relevant in terms of the expectations regarding the continuity of the Company for the period of twelve months after the preparation of the report (see chapter 6. 'Sector developments and trends, chapter 12. Financial results – Outlook, chapter 13.4 Risk management and appendix 15.3 Risk matrix).

Rosmalen, 25 February 2022

A.G.J. Hillen  
G.M.P.A. van Boekel

## 15.3 Risk matrix

### Risk matrix legend

Risk impact on key figures

H	High Risk
M	Medium Risk
L	Low Risk

Trend compared with 2020

↑	Deteriorated, risk has increased
↓	Improved, risk has decreased
=	Unchanged

Macro-economic and strategic risks	Impact	Trend	Risk	Control measures
<b>Interruption of business operations</b>	H	↑	The Covid-19 crisis has a major impact on economic growth, consumer trust and availability of materials.	<ul style="list-style-type: none"> <li>Maintaining sufficient room in financing facilities to absorb impact of a downturn.</li> <li>Maintaining a balanced portfolio of large and small projects in both new-build and service activities, short and late cyclical market segments and type of client.</li> </ul>
Covid-19				
PAS/PFAS/			The government has defined a workable threshold for PFAS. For nitrogen emissions, it has implemented a partial exemption allowing construction and demolition activities to be carried out. Since there is no exemption for the in-use phase, the impact on infrastructural projects remains significant.	<ul style="list-style-type: none"> <li>Proactive search for innovative solutions.</li> <li>Participation in Emissions-free Network Infra (ENI) with the aim of moving towards emission-free working in the construction industry.</li> <li>Active knowledge exchange with national and local government authorities, via industry organisations, etc.</li> <li>Accelerated investments in improving the sustainability of materials.</li> <li>Focus on case law and legislation upholding the partial exemption for nitrogen emissions.</li> </ul>
Cyberattacks			The risk of cyberattacks are increasing in the business community (professionalism, number of attacks, tools available to the attackers, motivation). Heijmans is taking more and more measures on this front. At the same time, Heijmans is becoming increasingly dependent on digital assets, both in business operations and in products and services.	<ul style="list-style-type: none"> <li>Execution of Strategic Cyber Security Policy.</li> <li>Implement and constantly refine multi-year roadmap 'Secure@Heijmans'.</li> <li>Embedding cyber security in the lifecycle of projects and services.</li> <li>Strengthening security organisation.</li> <li>Embedding security measures through ISO 27001 certification.</li> <li>Inclusion of cyber security in risk management and audit programme.</li> </ul>

Market Risks	Impact	Trend	Risk	Control measures
<b>Insufficient availability of materials, services and workers</b>	H	↑	<p>Threat to continuity and throughput time of projects, rising prices and declining margins on projects.</p> <p>Shortage of raw materials and materials from outside the Netherlands.</p> <p>Shortage of secondary materials and raw materials to meet sustainability goals.</p>	<ul style="list-style-type: none"> <li>• Early involvement and contracting of suppliers, advisers and subcontractors, with the aim of laying down quality and availability requirements in agreements at the earliest possible stage.</li> <li>• Working with a single tender platform to combine supply and demand for goods and services.</li> <li>• Framework agreements with preferred suppliers.</li> <li>• Remaining alert to signs that raw materials shortages are impacting certain supply chains.</li> <li>• Good balance between own personnel and flexible shell.</li> <li>• Secure sufficient inventories of critical components and materials in good time.</li> <li>• Using the Matching Materials platform to match supply and demand of building materials used more effectively.</li> </ul>
<b>Property development</b>	M	↑	<p>Not possible to achieve planned production due to insufficient planning capacity in expansion areas and reticence on the part of local authorities.</p> <p>Inner city developments generally include smaller plans, longer spatial planning procedures, more objections and limited capacity from municipalities.</p> <p>Municipalities can increasingly use legal resources to regulate social rental housing, mid-priced rental housing and affordable owner-occupier homes.</p>	<ul style="list-style-type: none"> <li>• Together with industry organisations, target expansion and acceleration of planning capacity.</li> <li>• Offering to help municipalities draw up plans.</li> <li>• Working with fixed co-makers and concepts such as 'Heijmans Woonconcept' in order to manage (failure) costs and guarantee quality.</li> <li>• Continue to work on alternatives, such as design contests and tenders and being able to develop locations one-on-one based on our quality.</li> <li>• Working with industry organisations to counter excessive regulation.</li> </ul>
<b>Building &amp; Technology</b>	M	=	<p>Lagging growth in integrated assignments for (non-residential) new-built projects, including service and maintenance, in which there is significant competition and price pressure.</p> <p>Low margins and major impact of increases and declines in volume on the coverage ratio.</p>	<ul style="list-style-type: none"> <li>• Selective acceptance of assignments with focus on segments that match core competences and experience.</li> <li>• Expand and monitor the Beyond Eyes concept (new business models).</li> <li>• Differentiated by knowledge in digitalisation, data-driven information and sustainability.</li> <li>• Develop and embed specific energy expertise in various business sectors.</li> <li>• Focus on one-on-one tracks with existing clients.</li> </ul>
<b>Infra</b>	H	=	<p>Inability to respond to market developments: for instance, digitalisation, improving the sustainability of materials and the energy transition.</p> <p>Failure to respond to client challenges, failure to be a relevant player in the market.</p>	<ul style="list-style-type: none"> <li>• Integrated approach to developments and revenue models, so Heijmans can realise added value for clients (PMCs).</li> <li>• Involvement of strategic partners (specialisms) so Heijmans can offer total solutions.</li> <li>• Continued development parametric designs.</li> <li>• Continuation of 'Smarter' and 'Sustainable' strategy (see chapter 10, Strategy).</li> <li>• Business development of data-driven services in separate Systems &amp; Energy unit.</li> <li>• Anticipate sustainability demands.</li> </ul> <p>Additional focus 2022:</p> <ul style="list-style-type: none"> <li>• Take advantage of opportunities resulting from the energy transition and the need to upgrade electricity grids.</li> </ul>



Operational Risks	Impact	Trend	Risk	Control measures
<b>Complex and integrated projects</b>	H	↓	<p>Errors in design and/or calculations and interpretation differences in design liability.</p> <p>Failure to recognise or the late recognition of material project risks, resulting in time and money-related surprises.</p> <p>May miss out on opportunities due to risk-averse approach.</p> <p>Increase in damage claims.</p> <p>Insurers less inclined to provide cover / rising insurance premiums.</p>	<ul style="list-style-type: none"> <li>GO / NO GO procedure, including authorisation, and gate reviews with respect to tenders in various phases of the tender process, with particular attention devoted to risk analysis, risk appetite and the feasibility of the design and contractual terms.</li> <li>Independent risk reviews when the project risk profile calls for same.</li> <li>Use lessons learned early on in the tender process.</li> <li>Lean planning sessions with subcontractors and suppliers.</li> <li>Collaboration with risk-bearing partners for projects that require competencies that are less core at Heijmans, or for projects where the scope and/or contract conditions are not a good fit with Heijmans' risk profile.</li> <li>Specific Project Status Updates in the first months after acquiring a project to enable adjustments if necessary.</li> <li>Embedding contract and risk management in the tender phase, the preparation phase and the execution phase.</li> <li>Guidelines for assessment of risks and opportunities.</li> <li>Continue to monitor the impact the risk profile of individual projects have on the risk profile of the total project portfolio.</li> <li>Audits of the effectiveness of any improvement programmes implemented.</li> <li>Use of risk database, benchmarking new projects on the basis of historical data.</li> <li>Embedding construction safety.</li> </ul>
<b>Retention and recruitment of personnel</b> <p>Tightness of the labour market and the sector's relative lack of competitiveness on specific professional fields.</p>	H	=	<p>Lack of qualified and motivated personnel to execute the company's core activities in a professional manner.</p> <p>Risks in employing foreign labourers related to labour conditions, labour law, safety and working methods.</p>	<ul style="list-style-type: none"> <li>Engaging and retaining qualified personnel through: <ul style="list-style-type: none"> <li>Onboarding programme</li> <li>Engagement scan 2021 with follow-up actions</li> <li>Fleet review</li> <li>Extra attention for career development through a talent development programme with active follow-up</li> <li>Concrete efforts to foster diversity and inclusion across the entire organisation and for all positions</li> <li>Trainee programmes</li> <li>Recruitment of students</li> <li>Regular benchmarking of employment terms and conditions</li> <li>Making employment terms and conditions more flexible.</li> </ul> </li> <li>Expanding labour market communication: <ul style="list-style-type: none"> <li>Newly developed employer brand was deployed effectively in 2021.</li> <li>In 2022, continue targeted campaigns for diverse target groups.</li> <li>Tapping into new sources: successful project with refugees with residence permits in 2021, follow-up in 2022.</li> <li>Gain experience in new partnerships aimed at career changers (such as Social Return on Investment - SROI).</li> </ul> </li> <li>Registration and access control for external workers on building sites via ProjectID.</li> </ul>
<b>Safety Risks</b> <p>Increasing complexity of projects, work pressure of economic growth and increase in number of foreign workers.</p>	M	=	<p>Personal injury of a temporary or permanent nature, or even death.</p> <p>Legal liability for Heijmans.</p> <p>Loss of productivity and delays to projects.</p>	<ul style="list-style-type: none"> <li>Safety programme GO! Kompas based on four pillars: <ul style="list-style-type: none"> <li>Uniform concept of safety with GO! Kompas</li> <li>GO! Leadership through training and education</li> <li>GO! In processes</li> <li>Strengthen standardised routines</li> <li>GO! In the chain</li> <li>Collaborating on safety with subcontractors and clients</li> </ul> </li> <li>Heijmans uses a sophisticated range of instruments and actions (For more information, see the Safety section in the Strategy chapter, 10.1.1, of this annual report).</li> <li>Maintain SCC/ISO 45001 certification requirement for Heijmans and its subcontractors.</li> <li>Contributions to national initiatives to make the industry safer (Safety in the Construction Industry Governance Code), including: <ul style="list-style-type: none"> <li>Generic Port Instructions</li> <li>ViA (safety in tenders) require safety culture ladder certification for important subcontractors (mandatory as of 1 Jan 2022)</li> </ul> </li> <li>Achieve safety culture ladder level 4 in 2022 for entire organisation (Infra achieved level 4 in 2021).</li> </ul> <p>Additional focus 2022:</p> <ul style="list-style-type: none"> <li>Embed GO! Programme approach even more in business plans.</li> </ul>

Operational Risks	Impact	Trend	Risk	Control measures
<p><b>Procurement</b></p> <p>Insufficient availability of the appropriate quality and quantity in the supply chain, in relation to working methods, sustainability requirements, necessary certifications, new legislation, etc.</p>	M	=	<p>Inability to meet requirements of and agreements with clients, resulting in missed contracts.</p> <p>Higher prices in supply chain due to market scarcity and raw materials shortages.</p>	<ul style="list-style-type: none"> <li>Working with selected preferred suppliers and subcontractors.</li> <li>Collaborating with preferred suppliers and subcontractors on supplier development to meet certification requirements in the chain.</li> <li>Use of supplier-evaluation tool to improve the performance of suppliers and subcontractors.</li> <li>Ensure that Heijmans has sufficient 'own' resources for strategic production activities.</li> <li>In the tender and calculation phase, make use of the available knowledge within Procurement regarding trends and market developments and the Heijmans-wide purchasing forecast, to optimise the moment of purchase, the conditions and potential bundling.</li> </ul>
<p><b>Climate risks</b></p>	L	=	<p>Physical: accelerating climate change will exacerbate the impact of extreme weather conditions. In addition, we may see more extremely hot summers and this may restrict the transshipment of raw materials by water.</p> <p>Energy transition: see appendix 15.7.11 with climate risks.</p>	<ul style="list-style-type: none"> <li>Measures at building sites to prevent damage as a result of weather conditions (covering/securing).</li> <li>Limiting damage to health: <ul style="list-style-type: none"> <li>Heat protocol and the inclusion of heat-resistant clothing in the clothing package.</li> <li>Adjustment of working hours and planning.</li> </ul> </li> <li>The development of climate-neutral buildings and the design of buildings with adequate water drainage.</li> <li>Carbon Disclosure Project reporting.</li> <li>When selecting subcontractors, Heijmans takes into account their transport methods for raw materials and other materials.</li> </ul>
<p><b>Environmental and health risks</b></p>	L	=	<p>Heijmans works with hazardous substances and produces industrial waste in the normal course of its business operations. In addition, these operations may result in environmental emissions, such as nitrogen, PFAS or particulates.</p>	<ul style="list-style-type: none"> <li>Extensive employment terms policy.</li> <li>Prevention team with specialists and representatives from the organisation.</li> <li>Heijmans has an ISO 14.001 certified environmental management system that identifies and assesses environmental risks and ensures that measures are taken when necessary.</li> <li>Measures vary from physical interventions (containment tanks, filters) to organisational measures (procedures, inspections, audits, training courses).</li> <li>Hazardous substances (GVS) <ul style="list-style-type: none"> <li>Use of Toxic for the registration of hazardous substances.</li> <li>Exposure investigation and GVS and taking control measures.</li> </ul> </li> <li>Heijmans sets requirements for the use of hazardous substances by subcontractors and the deliveries from suppliers.</li> <li>Heijmans actively searches for less hazardous/non-hazardous and more sustainable alternatives.</li> </ul>
<p><b>Land holdings</b></p>	M	↓	<p>Risk of deviations with regard to assessments and estimates.</p> <p>Local policies with respect to PAS and PFAS interpretations, which make it more difficult to estimate the development potential and/or contamination of land holdings.</p>	<ul style="list-style-type: none"> <li>Strict procedures including explicit approval from the Executive Board for investments with long-term obligations.</li> <li>Heijmans only invests in land holdings (with zoning plan) that can be developed within five years.</li> <li>Heijmans conducts twice-yearly internal assessments of the valuation of its entire portfolio of land holdings.</li> </ul>
<p><b>Real estate regulation</b></p> <p>Tightening of conditions for sale of real estate by public sector bodies</p>	H	↑	<p>According to a recent judgment of the Supreme Court, municipalities are not simply allowed to sell land to a developer on a one-to-one basis. This is counter to current practice and will affect ongoing contract negotiations for the purchase and sale of real estate, including the issuance of building plots by municipalities.</p>	<ul style="list-style-type: none"> <li>Heijmans is assessing the consequences for its ongoing projects, future developments, the purchase of strategic land holdings and public-private partnerships (CV or contractual).</li> </ul>

Operational Risks	Impact	Trend	Risk	Control measures
<b>Infra and Non-residential</b>  Range of contract types in the market.	M	=	Heijmans is increasingly responsible for issues in areas where Heijmans has insufficient in-house expertise, or in the absence of insight into or influence on the related risks. This can lead to unforeseen or unacceptable risks.	<ul style="list-style-type: none"> <li>• Alignment with clients to achieve a balanced distribution of risks.</li> <li>• Across the entire portfolio, Heijmans increasingly selects and pre-sorts projects on the basis of construction teams/alliance contracts with a two-phase structure.</li> <li>• Selective acquisition policy, with particular attention for the type of tender, the acquisition process, as well as the procurement, project and contract management.</li> <li>• Tender board and independent risk review.</li> <li>• Professional contract management.</li> <li>• Guidelines for the accurate pricing of risks.</li> <li>• Strong interaction between risk managers from the business areas, Risk Management, Risk Office, Contract management, Project Management, Legal Affairs and Procurement disciplines.</li> <li>• Strategic partnering with clear parameters and premises, working methods and reporting lines laid down in Consortium Guidelines and checklist.</li> <li>• Focus on risk awareness, attitude and behaviour via corporate culture programmes and improvement programme to increase the predictability and risk-awareness of projects and to stress each party's role in said projects.</li> </ul>

Financial Risks	Impact	Trend	Risk	Control measures
<b>Liquidity risks</b>	H	↓	The liquidity risk pertains to the chance that the company's financing needs are at some point greater than the available financial leeway provided by the financing facilities made available.	<ul style="list-style-type: none"> <li>• Active monitoring of liquidity movements on the basis of daily and weekly cash reports and 13-week rolling forecast.</li> <li>• Specific 'cash themes' to keep the focus on cash and working capital management constantly updated.</li> <li>• The GO / NO GO criteria for new projects and the monitoring of existing projects emphasise the need for effective financing schedules.</li> <li>• Pass on periodic stress cases and determine extra control measures to safeguard cash headroom.</li> </ul>
<b>Solvency Risk</b>	H	↓	Clients / suppliers may decide to exclude Heijmans from certain tenders or require additional bank guarantees for compliance with execution obligations if Heijmans fails to meet minimum solvency requirements. In addition, limited solvency reduces the chances of buying from suppliers on credit, and can also limit access to credit from financiers.	<ul style="list-style-type: none"> <li>• Focus on strict working capital management.</li> <li>• Taking a more conservative approach to the determination of deferred tax positions, goodwill and the value of development positions has made Heijmans less vulnerable to downward value adjustments in times of economic downturn.</li> <li>• Good agreements and communications with other financial stakeholders to reduce the risk of credit limiting measures from guarantors and credit insurers.</li> </ul>

Financial Risks	Impact	Trend	Risk	Control measures
<b>Availability of bank guarantees</b>	M	↓	<p>The withdrawal of bank guarantee facilities may result in a situation in which Heijmans no longer has access to new bank guarantees, which may in turn mean that it cannot meet its contractual requirements in project tenders.</p> <p>A (too negative) change in the terms could lead to stricter conditions, which could in turn damage Heijmans' competitive position.</p>	<ul style="list-style-type: none"> <li>• Heijmans has a guarantee policy, which includes a detailed description of which conditions are set per type of guarantee, terms, amounts guaranteed, etc.</li> <li>• Treasury tests all guarantee requests against the guarantee policy and these are then submitted to the various guarantors.</li> <li>• Monthly monitoring of both the status of issued guarantees and the need for new guarantees on the basis of current tender processes and projects.</li> <li>• Intensive stakeholder management with bilateral financiers.</li> </ul>
<b>Creditworthiness of partners, creditors and debtors</b>	M	=	<p>If a partner, creditor or debtor is unable to meet its obligations, Heijmans may be adversely affected. In the case of debtors, this pertains primarily to financial damage. With partners and creditors, the damage can have a broader scope, because Heijmans may be unable to meet its (operational) obligations.</p> <p>Apart from the financial assurances, delivery security is also very important, certainly in collaborations in which the partner contributes very specific expertise or products.</p>	<ul style="list-style-type: none"> <li>• It is standard procedure to test the creditworthiness of partners, creditors and debtors in advance.</li> <li>• Heijmans regularly repeats this test during the partnership.</li> <li>• If the score is considered inadequate, Heijmans seeks additional assurances, such as retention of pre-financing reserves or the issuance of bank guarantees.</li> <li>• In consortiums, embedding specific expertise and assets within the project organisation.</li> <li>• In the tender phase, Heijmans may consider how specific knowledge of products and services can be tied to the project or brought in in another way.</li> </ul>

Legal and compliance risks	Impact	Trend	Risk	Control measures
<b>New business models</b>  New forms of cooperation and new partners.	M	=	<p>The manner and nature of the work, the risks and the potential innovative character determine the choice in partners and the type of collaboration and contract. The (model) contracts must not only be tailored to this, but all parties must know, understand and be able to work with the contract. This counts for consortium partners, subcontractors, suppliers and clients.</p>	<ul style="list-style-type: none"> <li>• Heijmans' Risk Office, business area management teams, Legal Affairs, Contract management, the Insurances and Procurement departments are all involved at an early stage when entering into alliances.</li> <li>• In the contract management phase, we devote attention to the roles of the parties to the contract and their relative strengths and weaknesses.</li> <li>• Use of model agreements bundling existing knowledge.</li> <li>• Heijmans organises training courses to share and deepen knowledge.</li> <li>• Use of external experts to provide support whenever necessary.</li> </ul> <p>Additional focus 2022:</p> <ul style="list-style-type: none"> <li>• Make suggestions and press for standards and models, for example in CROW (UAV GC), large clients and industry organisations.</li> </ul>

Legal and compliance risks	Impact	Trend	Risk	Control measures
<p><b>Social developments</b></p> <p>For example, pertaining to sustainability &amp; environment, intellectual property, IT law, cyber security and energy transition.</p> <p>Increasing regulatory pressure.</p>	H	=	<p>Due to a lack of knowledge and involvement, Heijmans might reach agreements (or fail to reach agreements) that do not serve Heijmans' best interests.</p> <p>Legal conflicts regarding ownership, guarantee and liability issues, and supply chain liability.</p> <p>Increasing pressure due to increasingly complex regulations costs a lot of time and attention, and increases the risk of violations.</p>	<ul style="list-style-type: none"> <li>Procurement has a number of IT experts.</li> <li>Heijmans carefully weighs how it deals with intellectual property.</li> <li>Intellectual property rights are administered centrally, and Heijmans responds adequately to any infringements.</li> <li>Support from external advisers if needed.</li> <li>Awareness and behaviour change (transparency / ownership) are a focus for the entire organisation.</li> <li>Improving legal expertise related to the revenue models emerging from the energy transition (such as the Dutch Heating Act).</li> <li>Working in multi-disciplinary teams, so any developments are approached from a variety of angles.</li> </ul> <p>Additional focus 2022:</p> <ul style="list-style-type: none"> <li>Further expand and deepen knowledge across the business areas.</li> <li>Investigate working methods and tools to increase efficiency of processes, increase quality and reduce work pressure.</li> <li>Gain clarity on whether the new Environmental Planning Law will enter into force and what the consequences will be for Heijmans.</li> </ul>
<p><b>(Long-running) disputes and legal procedures</b></p>	H	↓	<p>Disputes and legal procedures can have a major financial impact. A dispute related to a project in progress can have serious consequences for the execution and progress of a project (both time-wise and financially).</p>	<ul style="list-style-type: none"> <li>Attention for lessons learned for future projects.</li> <li>In the tender phase, certainly for larger, more complex projects, Heijmans carries out intensive contract assessments according to a fixed format.</li> <li>The tender team shares these assessments with Procurement, so these procurement risks can also be weighed and included in contracts with suppliers and subcontractors.</li> <li>Whenever possible, Heijmans uses standard contracts, ensuring effective transition from tender to execution phase, and by limiting any changes in a project team.</li> <li>Insurability is a major attention point in the tender phase.</li> <li>Heijmans is alert to so-called early warnings, such as delays, poor liquidity, cost overruns and bad atmosphere.</li> <li>In the event of (potential) disputes, Heijmans puts together inter-disciplinary teams based on the right knowledge, expertise and commitment.</li> <li>If it proves impossible to prevent a legal procedure, Heijmans deploys a lawyer, expert and/or mediator.</li> <li>Initiation of alternative dispute mediation, ideally before there is an actual concrete dispute.</li> <li>Via the Heijmans Academy, Heijmans organises training courses on standard terms and conditions in the construction industry, such as the UAV and UAV-GC (uniform administrative conditions).</li> </ul> <p>Additional focus 2022:</p> <ul style="list-style-type: none"> <li>Heijmans will continue to strengthen the role of Contract Management in the execution phase.</li> </ul>
<p><b>Compliance with the European General Data Protection Regulation (GDPR)</b></p>	M	↑	<p>Failure to comply with the GDPR could result in heavy fines or reputational damage.</p>	<ul style="list-style-type: none"> <li>GDPR compliance is embedded in the organisation through the appointment of GDPR officers in the business areas, with second-line advice from privacy officers at group level.</li> <li>Model processing agreement is agreed with suppliers and subcontractors.</li> <li>Heijmans has drawn up a privacy policy and privacy code and communicated this to all employees.</li> <li>Heijmans has drawn up a privacy code of conduct and communicated this to all employees.</li> <li>Reporting Procedure Data Breaches.</li> <li>Heijmans has established and maintains a data processing register.</li> <li>All (new) employees are required to take an e-learning course in Cyber security and Privacy.</li> <li>Focus on internal awareness and discipline with respect to GDPR-proof working, via likes of training and, introduction and Yammer messages.</li> <li>GDPR year plan.</li> <li>Additional training for people responsible for GDPR Privacy per business area.</li> <li>Regular GDPR-related audits.</li> </ul> <p>Additional focus 2022:</p> <ul style="list-style-type: none"> <li>GDPR in alliances.</li> </ul>

Legal and compliance risks	Impact	Trend	Risk	Control measures
Heijmans fails to abide by laws and (internal) regulations.	H	=	The failure to abide by laws and regulations may result in material and immaterial damage to Heijmans.	<ul style="list-style-type: none"> <li>• Heijmans has embedded monitoring and control mechanisms in operational processes.</li> <li>• All employees are bound by the Heijmans Code of Conduct.</li> <li>• Heijmans monitors regulatory developments through membership of various industry organisations and working groups.</li> <li>• Structural compliance consultations with relevant disciplines.</li> <li>• Transferring legislation on subcontracting (including the WAS (Act on sham (employment) arrangements) and WAV (Act on the use of foreign workers) and GDPR to the supply chain.</li> <li>• Auditing of compliance with the WAS, the Vicarious Liability Act (WKA), freelance employment regulations, the use of foreign workers and the protection of personal data.</li> </ul> <p>Additional focus 2022:</p> <ul style="list-style-type: none"> <li>• Roll out of 'Zakelijk Zuiver' (business integrity) programme on integrity and conduct.</li> </ul>

## 15.4 Independent auditor's report

The following is an English translation of the independent auditor's report issued on 25 February 2022.

To: the shareholders and Supervisory Board of Heijmans N.V.

### Report on the audit of the 2021 financial statements included in the annual report

#### Our opinion

We have audited the financial statements for the year ending on 31 December 2021 of Heijmans N.V., based in Rosmalen. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the consolidated financial statements included in this annual report give a true and fair view of the financial position of Heijmans N.V. as at 31 December 2021, and of its result and its cash flows in 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements included in this annual report give a true and fair view of the financial position of Heijmans N.V. as at 31 December 2021, and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the following statements for 2021: the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows;
- the notes, comprising an overview of the significant accounting policies applied and other disclosures.

The company financial statements comprise:

- the company statement of financial position at 31 December 2021;
- the company statement of profit or loss for 2021;
- the notes comprising an overview of the significant accounting policies applied and other disclosures.

#### Basis for our opinion

We performed our audit in accordance with Dutch law, including Dutch auditing standards. We describe our responsibilities according to those standards in more detail in the 'Our responsibilities for the audit of the financial statements' section of this report.

We are independent of Heijmans N.V. in accordance with the EU Regulation on specific requirements regarding the statutory audit of the financial statements of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics for the Auditing sector).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information serving as a basis for our opinion

We determined our audit activities in the context of the audit of the financial statements taken as a whole and in forming our opinion on same. The following information intended to serve as a basis for our opinion and findings should be read in that context and not as separate opinions or conclusions.

#### Our understanding of Heijmans N.V.

Heijmans N.V. is a listed company that combines property development, building & technology and infra activities in the business areas property development, residential building, non-residential building and infrastructure. The group structure consists of various operational segments and we focused our audit on these. In our audit, we devoted specific attention to a number of subjects on the basis of the group's activities and our own risk analysis.

We start by determining the materiality and identifying and estimating the risk that the financial statements contain material misstatements as a result of fraud or errors, in order to determine the audit procedures that are responsive to those risks to obtain audit information that is sufficient and appropriate to form the basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions of transactions, misrepresentations, or the override of internal controls.

## Materiality

<b>Materiality</b>	€ 17.5 million (2020: € 13 million)
<b>Benchmark applied</b>	1% of revenue for the financial year (2020: 0.75%)
<b>Explanation</b>	<p>On the basis of our professional judgement, we consider a benchmark based on activities the most appropriate basis for determining materiality. In view of the current market conditions, we consider revenue a stable and suitable basis, also in view of the insight this provides into the size and performance of the company.</p> <p>Because of the increased financial stability and developments in the project portfolio of Heijmans N.V., we decided to increase the percentage applied to 1%, an increase of 0.25 percentage points compared with 2020.</p>

We have also taken into consideration misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 875.000 which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### Scope of the group audit

Heijmans N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive in this respect were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit focused primarily on the operating segments Infra, Property development and Building & Technology (all "full scope"). We performed the audit procedures at those segments via a number of centrally-managed EY teams. In cases where we used the work of other EY auditors, we provided instructions and were

closely involved during the execution of the audit and reporting by these auditors.

By performing the procedures mentioned above at components of the group, together with additional procedures carried out at group level, we were able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

In the aggregate, these audit procedures represent 99% the group's revenues and the entire balance sheet.

### Engagement team and use of the work of specialists

We ensured that the engagement team at both group level and at component level included the appropriate skills and competences for the audit of a listed client in the construction industry. We included specialists in the fields of IT audit, forensics, sustainability and income tax in the engagement team. In addition, we brought in our own specialists to assist with the audit of the valuation of strategic land holdings and land in-use, the valuation of pension liabilities and the valuation of goodwill, as well as the valuation of the provision related to the Wintrack legal proceedings.

### Our focus on climate risks and the energy transition

Climate objectives will be high on the public agenda in the next decades. Issues such as CO<sub>2</sub> reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets ('stranded assets') and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO<sub>2</sub> footprint.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the possible effects of the energy transition are taken into account in estimates and significant assumptions. As described in note 6.29 under 'Climate matters' these risks and potential impact are related in particular to the valuation of joint ventures and associates, strategic land holdings, deferred tax assets and intangible fixed assets.

Our audit procedures in response to the assessed climate risks and the potential impact of the energy transition were integrated as part of our audit approach to the key items 'valuation of strategic land holdings and land in operation' and 'valuation of deferred tax assets'.



## Our focus on fraud and non-compliance with laws and regulations:

### *Our responsibility*

Although we are not responsible for the prevention of fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain a reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. Non-compliance with laws and regulations can result in fines, legal cases or other consequences for the company, which may have a material impact on the financial statements.

### *Our audit approach with respect to risks of fraud*

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Heijmans N.V. and its environment and the components of the system of internal control, including the risk assessment process and the Executive Boards process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes.

We evaluated the design and the relevant aspects of the system of internal control including, for example, the code of conduct, the whistle-blowers' scheme and the register of compliance reports. We evaluated the design and implementation of internal control measures aimed at mitigating fraud risks. As part of our process for identifying risks, we worked closely with our forensic specialists to consider fraud risk factors related to fraudulent financial reporting, improper appropriation of assets and bribery and corruption. We evaluated whether these factors were indicative of the presence of any risk of material misstatement due to fraud.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

The risks of fraud we identified and the specific activities we performed are as follows:

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### **Valuation of large and complex works in progress (including project-related accruals and revenue recognition), whether or not as a result of management override of controls**

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#### **Fraud risk and audit approach**

As in all of our audits, we take into consideration the risk that management can override internal control measures. When identifying and estimating the risks of fraud, we continue to work on the assumption that fraud risks exist in revenue recognition. In our audit approach for Heijmans N.V., we specifically take into consideration that both risks are primarily reflected in the valuation and revenue recognition of work in progress. This risk applies to the Infra, Property development and Building & Technology operating segments. In addition, there is a general risk of management overriding internal control measures.

We describe the audit procedures responsive to the presumed risk of fraud in revenue recognition in the description of our audit approach for the key audit matter 'Valuation and revenue recognition of the work in progress'.

We also performed the following audit procedures, specifically addressing the risk of fraud due to the override of internal control measures by management in a more general sense:

- Review of estimates for tendencies with a particular focus on significant areas that require judgement and significant items of estimation, as explained in note 6.29 in the financial statements.
  - Examination of the business rationale for significant transactions with related parties or that appear unusual, if applicable.
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**Failure to comply with legal tender requirements (bribery) in the acquisition of contracts**


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<b>Fraud risk and audit approach</b>	<p>Due to the nature of the business activities (construction company) and the characteristics of the related transactions, we identify an increased risk of non-compliance with legal and regulatory requirements related to the acquisition of projects, given the risk of bribery and kickbacks to potential clients. Compliance with legal and regulatory requirements is important for the reputation and success of Heijmans N.V. Failure to comply with legal tender procedures and/or corruption can result in damage to the company, for example in the form of fines and/or exclusion from tender procedures. Such bribery could take place or be concealed in various ways, for example through ancillary positions, subcontractors, (consultancy) services or sponsorship without a sufficiently identifiable quid pro quo. The audit procedures we performed specifically focused on this fraud risk included the following:</p> <ul style="list-style-type: none"> <li>• An evaluation of the design and existence of the internal control measures in the procurement and tender processes.</li> <li>• An evaluation (together with internal forensic specialists) of the internal control measures aimed at safeguarding compliance.</li> <li>• An analysis of a selection (based on risk factors such as size, margin, type of tender and client) of tenders won in the financial year. As part of this analysis, we assess whether a business reason can be shown for the award, the business-like nature of the (tender) costs, the performance and background of the consultants or subcontractors used, or any deviations in estimated margins compared with normal margins.</li> <li>• A detailed check of specific cost types in response to risk identification, including travel and accommodation expenses, entertainment expenses and sponsorship.</li> <li>• An analysis of the ancillary positions of the members of the Executive Board, Supervisory Board and local managements, and the transactions with these parties.</li> <li>• Data analysis to identify journal entries with a heightened risk based on specific search terms to identify and investigate unusual transactions.</li> </ul>
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We considered available information and made enquiries of members of the Executive Board, other members of management (including legal council, compliance officer and segment directors) and the Supervisory Board.

The fraud risks we identified, enquires and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements

***Our audit approach with respect to the risk of failure to comply with legal and regulatory requirements***

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the Executive Board, reading minutes, inspection of reports by the compliance officer and the chief risk officer and by carrying out data-driven procedures focused on transaction flows, financial statements accounts and disclosures. We refer to the description of legal and compliance risks in the risk matrix in the other information section of this annual report.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the

audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

***Our audit approach with respect to the going concern assumption***

The Executive Board performed a specific evaluation of the company's potential to continue as a going concern and to continue its operations for at least the next 12 months. We discussed and evaluated the specific assessment with the Executive Board exercising professional judgment and maintaining professional scepticism.

We considered whether the Executive Board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Based on our procedures performed, we did not identify serious doubts on the [entity]'s ability to continue as a going concern for the next 12 months.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Heijmans N.V. to cease to continue as a going concern.

### Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

We no longer consider the the valuation of intangible fixed assets a key audit matter, as there is ample headroom per cash-generating unit, which reduces the likelihood of an impairment.

In view of the (interim) court ruling of 3 May 2021, which was negative for Heijmans, in combination with the impact on the financial statements, we identified the provision related to the Wintrack legal proceedings as a key audit matter.

#### Valuation and revenue recognition of the work in progress (see notes 6.2, 6.16, 6.23 and 6.29)

<b>Risk</b>	<p>The valuation and recognition of revenue from of work in progress is affected to a large degree by subjective elements, such as estimates of costs yet to be incurred and expected higher or lower revenue, the technical progress and (potential) claims and fines, as well as any project-related obligations and provisions. This is partly due to the nature of the operations, which may involve large and complex projects and developments during the realisation of a project. Any revenues from work in progress are recognised on the basis the percentage of completion, which is generally determined on the basis of costs incurred compared with total expected costs (cost-to-complete). Losses on projects are recognised immediately in full whenever expected.</p> <p>The process of recognising the above-mentioned subjective elements requires significant estimates by the Executive Board, which results in complexity and inherent uncertainty. In addition, the impact of the Covid-19 pandemic and the nitrogen emissions problem increases the uncertainty of the estimated results, and the impact can differ for each segment and each project. In view of the above, we identify this as a key matter of our audit.</p> <p>The risk taken into consideration for the purposes of our audit of the financial statements is that the valuation and revenue recognition in large and complex work in progress is inaccurate.</p>
<b>Our audit approach</b>	<p>We performed audit procedures related to the reasonableness of the assumptions and estimates, including:</p> <ul style="list-style-type: none"> <li>• We assessed the processes related to project acceptance, project management and estimates related to project results. We also included the outcome of previous estimation processes in the determination of our substantive procedures.</li> <li>• We discussed the positions adopted with various functionaries, including management and project functionaries, and read the minutes to important meetings and internal reports.</li> <li>• We performed data analysis to identify and investigate journal entries with a heightened risk, including specific (manual) journal entries on the revenue side of the ledger, together with journal entries that could indicate the transfer of costs.</li> <li>• We made a risk-based selection of the work in progress on the basis of the scale of and the estimated risk profile. The combination of procedures we performed included the following: <ul style="list-style-type: none"> <li>o Analyses of the progress on work in progress, the recognition of revenues and the risk-related provisions taken.</li> <li>o Visits to projects to get an indication of the technical progress and, indirectly, the cost-to-complete.</li> <li>o Specific substantive procedures with regards to the cost-to-complete</li> </ul> </li> <li>• Evaluating whether disclosures are sufficient and provide a sufficient insight of the uncertainties and the choice of said assumptions for the valuation.</li> </ul>
<b>Significant observations</b>	<p>It is our opinion that the accounting policies for the valuation of work in progress are acceptable and that the disclosures provided are adequate. The premises and estimates used by the Executive Board are within the acceptable bandwidth.</p>

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**Valuation of strategic land holdings and land in-use (see note 6.15)**


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<b>Risk</b>	<p>The valuation of strategic land holdings and land in-use is strongly affected by developments in the Dutch housing market and other external and/or internal subjective elements. Land holdings are generally only developed after a long(er) period, largely due to (policy) changes on the spatial zoning front at provincial or municipal level. The potential impact of the nitrogen emissions problem and the Dutch government's housing agenda on the realisation increase the uncertainty regarding the net realisable value. This value is based on the expected future cash flows, which depend among other things on the likelihood of realisation, the expected timing of the realisation and the estimated sales prices and building costs.</p> <p>This valuation is substantiated using qualitative descriptions and key figures. The company conducts an impairment test once a year. This test is significant for our audit, given the nature of the activities, the complexity of the estimation process, the assumptions used in these estimates and the level of subjectivity in same. In view of the above, we identify this as a key matter of our audit.</p> <p>The risk taken into consideration for the purposes of our audit of the financial statements is that the valuation of strategic land holdings and land-in-use is too high.</p>
<b>Our audit approach</b>	<p>We performed audit procedures with respect to the reasonableness of the assumptions and estimates used, including:</p> <ul style="list-style-type: none"> <li>• We made a risk-based selection of the strategic land holdings and land-in-use</li> <li>• We included the outcome of previous estimation processes in the determination of our substantive procedures. We focused primarily on the assumptions that have the greatest impact on the determination of the net realisable value, such as the design and execution of development plans and expected developments in land and house prices, as well as the impact of climate risks and the potential effects of the energy transition. We also devoted attention to the calculation models used in the valuation and the input for same.</li> <li>• We used own valuation specialists for the valuation of the most high-risk holdings. As part of this process, we assessed whether Heijmans' valuations fell within the bandwidth of our own independent valuation.</li> <li>• Evaluating whether disclosures are sufficient and provide a sufficient insight of the uncertainties and the choice of said assumptions for the valuation.</li> </ul>
<b>Significant observations</b>	<p>It is our opinion that the valuation of the strategic land holdings and land-in-use is within the acceptable bandwidth and that the estimates and assumptions used are adequately disclosed in the financial statements.</p>

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**Provision for the Wintrack legal proceedings (see notes 6.23 and 6.29)**


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<b>Risk</b>	<p>The Wintrack project involved the construction of new high-voltage pylons for two routes, to be carried out by the Heijmans Eurocoles B.V. ('HEP') consortium, in which Heijmans N.V. holds a 60% stake. In early September 2018, the client TenneT principally dissolved the contract - with a contract sum of approximately €250 million - and terminated it in the alternative. The parties have submitted significant reciprocal claims with respect to this contract sum. In the (interim) ruling of 3 May 2021, it was found that TenneT had lawfully dissolved the contracts out of court, which Heijmans did not expect at the time the 2020 financial statements were prepared. This ruling is negative for HEP. At the end of the 2021 financial year, Heijmans estimated the outflow of funds, which depends on various uncertainties and non-routine and subjective elements. This significant estimate was - taking into consideration input from in-house legal counsel and an external lawyer - prepared and substantiated by the Executive Board. In view of the above, we identify this as a key matter of our audit.</p>
<b>Our audit approach</b>	<p>We performed audit procedures with respect to the valuation of the provision, including the reasonableness of the assumptions and estimates used, including:</p> <ul style="list-style-type: none"> <li>• We formed an opinion on the case, by making inquiries, as well as inspecting underlying documentation, including the agreements, pleadings, interim ruling and the memorandum of the external lawyer retained by management. We discussed the position taken with, among others, the Executive Board and the in-house legal counsel.</li> <li>• We engaged our own legal specialists, given the complexity of the case. They helped us to assess the memorandum of the external lawyer engaged by management and the position taken by the Executive Board.</li> <li>• We determined that the classification in the income statement of the allocation to the provision and the disclosures provided regarding the uncertainty and the assumptions used in the valuation are in accordance with EU-IFRS. We devoted particular attention to the classification of the addition to the provision in the statement of income, namely as other operating expenses.</li> </ul>

<b>Significant observations</b>	In our opinion, the accounting policies used for the valuation of the provision for the Wintrack legal proceedings are acceptable and adequately disclosed. The premises and estimates used by the Executive Board are within the acceptable bandwidth.
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#### Valuation of deferred tax assets (see note 6.14)

<b>Risk</b>	Deferred tax assets are recognised for deductible tax losses, in so far as it is probable that there will be sufficient future taxable profit to settle against said losses. The assessment of same is significant for our audit, because the estimation process is complex and is affected by Executive Board estimates. These estimates are based, among other things, on expected operational and fiscal results that are partly based on assumed future economic and market developments. The potential impact of the Covid-19 pandemic, the nitrogen emissions problem, the settlement of the Wintrack legal proceedings and the Dutch government' housing agenda increase the uncertainty with respect to the deferred tax assets. In view of the above, we identify this as a key matter of our audit. The risk taken into consideration for the purposes of our audit of the financial statements is that the valuation of the deferred tax assets is incorrect as a result of the use of incorrect assumptions in financial forecasts.
<b>Our audit approach</b>	We performed audit procedures with respect to the reasonableness of the assumptions and estimates used, including: <ul style="list-style-type: none"> <li>• The 2022 Business Plan drawn up by the Executive Board and the long-term forecast derived from same are partly based on these forecasts. We assessed the realisation of the Business Plan in recent years, including the 2021 Business plan, as this provides an indication of the quality of the estimates, as well as the impact of climate risks and potential effects of the energy transition.</li> <li>• We took the outcome of previous estimation processes into consideration in the determination of our substantive procedures. We focused primarily on the elements that have the greatest impact on the determination of the fiscal result, such as EBIT and non-deductible or deferred items.</li> <li>• When performing our procedures, we made use of our own tax experts, also in the determination of the impact and applicability of changes in tax legislation.</li> <li>• Evaluating whether disclosures are sufficient and provide a sufficient insight of the uncertainties and the choice of said assumptions for the valuation.</li> </ul>
<b>Significant observations</b>	It is our opinion that the accounting policies used for the valuation of deferred tax assets are acceptable and sufficiently disclosed. The premises and estimates used by the Executive Board are within the acceptable bandwidth.

## Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 for the management board report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The Executive Board and the Supervisory Board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code.

## Report on other legal and regulatory requirements and ESEF

### Engagement

We were engaged by the Supervisory Board as the auditor of Heijmans N.V. on 30 April 2014 as of the audit for the year 2014 and have operated as statutory auditors ever since that date.

### No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. In addition to the statutory audit of the financial statements we provided the following services:

- Various opinions on revenue statements for 2019 through 2021 (Standard 800)
- Opinion on the statement of Heijmans N.V. related to several key ratio figures for 2019 through 2021 (Standard 805)
- Review engagement at a consolidated entity (Standard 2400)
- Assurance procedures related to non-financial information (sustainability report) (Standard 3810N)
- Agreed procedures related to the Compliance Certificate for the banking consortium (Standard 4400N)
- Other audit opinions, assurance reports or reports of factual findings in the context of tenders or bids.

### European single electronic reporting format (ESEF)

Heijmans N.V. has prepared its annual report in ESEF. The requirements for this are laid down in the Delegated Regulation (EU) 2019/815 with regulatory technical standards for the specification of a single electronic reporting format (hereinafter: the RTS for ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Heijmans N.V., complies in all material respects with the RTS on ESEF.

The Executive Board is responsible for preparing the annual report, including the financial statements, in accordance with the with the RTS on ESEF, whereby the Executive Board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- obtaining an understanding of the Heijmans's financial reporting process, including the preparation of the reporting package
- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

## Description of responsibilities for the financial statements

### Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

### Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

## Communication

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, 25 February 2022  
Ernst & Young Accountants LLP

P.W.J. Laan RA

## 15.5 Assurance report of the independent auditor

The following is an English translation of the independent auditor's report issued 25 February 2022.

To: the shareholders and the Supervisory Board of Heijmans N.V.

### Our conclusion

We have reviewed the sustainability information annual report for the year 2021 of Heijmans N.V. in Rosmalen. A review is aimed at obtaining a limited level of assurance.

Based on our review, we have no reason to believe that the sustainability information does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to corporate social responsibility;
- the events and performance on that front for the year 2021;

in accordance with the Sustainability Reporting Standards as disclosed in the Reporting Criteria section.

The sustainability information consists of the following chapters of the annual report:

- 2. Profile
- 3. The management
- 6. Sector developments and trends
- 7. In dialogue with stakeholders
- 8. Material aspects
- 9. Value creation model and Sustainable Development Goals (SDGs)
- 10. Strategy
- 11. Annual overview business areas
- 13.3 Conduct and Integrity

### Basis for our conclusion

We have performed our review of the sustainability information in accordance with Dutch law, including Dutch Standard 3810N, Assurance engagements relating to sustainability reports (Assurance-opdrachten inzake maatschappelijke verslagen). We have described our responsibilities under this standard in the section 'Our responsibilities for the review of the sustainability information'.

We are independent of Heijmans N.V. as required by the Code of Ethics for Professional Accountants (Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten - ViO), a regulation with respect to independence, and other relevant independence regulations in the Netherlands. Among other things, this means that we do not perform any procedures that could conflict with our independent assurance engagement. In addition, we have complied with the Dutch Professional Code of Ethics of Auditors (Verordening gedrags- en beroepsregels accountants - VGBA).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Reporting criteria

The sustainability information needs to be read and understood in conjunction with the reporting criteria. Heijmans N.V. is responsible for selecting and applying these reporting criteria, taking into account applicable legal and regulatory requirements related to reporting.

The reporting criteria used for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI – Core option) and the applied supplemental reporting criteria as disclosed in the appendices 15.7.3, 'Reporting Methodology', and 15.7.4, 'KPI Table', of the annual report.

The lack of established practices for the evaluation and measurement of sustainability information offers the possibility of using various, acceptable measurement methods. This can have an impact on the comparability entities over time.



### Limitations to the scope of our review

The sustainability information includes forward-looking information such as ambitions, strategy, plans, expectations, estimates and risk assessments. Inherent in forward-looking information is that the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of the targets or estimates in forward-looking information in the sustainability information.

The references to external sources or websites in the sustainability information are not part of the sustainability information we reviewed. We do not therefore provide assurance on this information.

These limitations do not affect our conclusion.

### Responsibilities of the Executive Board and the Supervisory Board for the sustainability information

The Executive Board is responsible for the preparation of the sustainability information in accordance with the reporting criteria as explained in the Reporting criteria section, including the identification of stakeholders and the definition of material aspects. The choices made by the Executive Board regarding the scope of the sustainability information and the reporting policy are summarised in the appendices 15.7.3, 'Reporting Methodology', and 15.7.4, 'KPI Table', of the annual report.

The Executive Board is also responsible for such internal controls as the Executive Board deems necessary to enable the preparation of the sustainability information that is free from material misstatements, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the reporting process of Heijmans N.V.

### Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the assurance engagement with a limited level of assurance in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and vary in nature and timing from and are less extensive than for an engagement aimed at obtaining a reasonable level of assurance. The level of assurance obtained in a review is therefore substantially lower than the assurance obtained in an audit.

We apply the Regulations for Quality management systems (Nadere voorschriften kwaliteitssystemen – NVKS). This gives us a cohesive system of quality controls, including documented guidelines and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

We performed this review with professional scepticism with a multi-disciplinary team and, where applicable, exercised professional judgement, in accordance with Dutch assurance standards, ethical requirements and independence requirements.

Our review included:

- performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company;
- evaluating the appropriateness of the reporting criteria used, the consistent application of same and related disclosures in the sustainability information. This included the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the Executive Board;

- gaining an understanding of the reporting processes for the sustainability information, including gaining a general understanding of internal control measures relevant to our review;
- identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These additional review procedures included but were not limited to:
  - interviewing members of the management and relevant staff responsible for the sustainability strategy, policy and results;
  - interviewing relevant staff members responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
  - obtaining assurance information to the effect that the sustainability information reconciles with the underlying records of the company;
  - reviewing, on a limited test basis, relevant internal and external documentation;
  - performing an analytical review of the data and trends;
- evaluating the consistency of the sustainability information with the information in the annual report that is not included in the scope of our review;
- evaluating the overall presentation, structure and content of the sustainability information;
- weighing whether the sustainability information as a whole, including the disclosures included in same, reflects the purpose of the reporting criteria used.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Rotterdam, 25 February 2022

Ernst & Young Accountants LLP

J. Niewold RA

## 15.6 Remuneration report Heijmans N.V. 2021

This report, which should be considered a report in the sense of article 2:135b of the Dutch Civil Code and in the sense of principle 3.4 of the Dutch Corporate Governance Code, explains the execution of the remuneration policy for the Executive Board and the remuneration policy for the Supervisory Board, as adopted by the Annual General Meeting of Shareholders (hereinafter: AGM) on 15 April 2020 and as these applied in that year. The remuneration policy for the Executive Board and the remuneration policy for the Supervisory Board have been published on company's website and shall be briefly explained below.

This report comprises the following sections:

1. Principles of the remuneration policy for the Executive Board and Supervisory Board
2. Highlights of remuneration policy for the Executive Board
3. Implementation of the remuneration policy for Executive Board in 2021
4. Highlights of the remuneration policy for the Supervisory Board
5. Implementation of the remuneration policy for the Supervisory Board in 2021
6. Evaluation of the remuneration policy and plans for 2022
7. Advisory role of Annual General Meeting of Shareholders

### 1. Principles of the remuneration policy for the Executive Board and Supervisory Board

Heijmans' mission is to create a healthy living environment. The company wants to be leading on the innovation front and is building a healthy living environment on the basis of its distinctive vision and in-depth knowledge and expertise. Heijmans' strategy is focused on Better and Smarter operating processes and on corporate social responsibility to improve sustainability. This will enable Heijmans to create long-term value for all its stakeholders, and for society as a whole in the form of sustainable homes, sustainable building processes and a significant contribution to employment and the economy. To formulate and execute this strategy, Heijmans has to be in a position to recruit, motivate and retain high-calibre executive directors and supervisory directors with the right expertise. The remuneration policy serves as a basis for this and is therefore instrumental in the realisation of the strategy and value creation. The guiding principle of the remuneration policy is that this policy does not create undesirable incentives, such as self-serving conduct or taking risks that are not compatible with the company's

risk profile. In light of this, part of the remuneration, namely the long-term variable remuneration and the Share Matching Plan, is focused on long-term involvement. Heijmans endorses the principles and best practice provisions of the Dutch Corporate Governance Code with respect to the remuneration of members of the Executive Board and the Supervisory Board and complies with these provisions in its policies and in this report.

Following the adoption of the policy, the Supervisory Board reviews whether the policy requires adjustment on an annual basis (in any event, the underlying policy will be put on the agenda for the AGM in 2024).

For the remuneration policy (in Dutch) see:

<https://www.heijmans.nl/nl/over-heijmans/corporate-governance/codes-statuten-en-reglementen/>

### 2. Highlights of the remuneration policy for the Executive Board of Heijmans N.V.

#### 2.1 Remuneration level

Heijmans offers the members of the Executive Board a remuneration package that is balanced and fair, both from an internal perspective, in the sense that the salary reflects the required competencies and responsibilities compared with other function levels, and from an external perspective in the sense that the remunerations is comparable to what comparable companies pay for comparable executive positions. The Supervisory Board uses both internal and external reference points to determine the remuneration level. The internal reference point is determined specifically by the remuneration level of the management layer below the Executive Board. The internal reference point is taken into account in the sense that there is a link between the targets for variable remuneration that apply for the members of the Executive Board and for the members of the management layer below the Executive Board.

The remuneration of the management layer reporting to the Executive Board is determined on the basis of a benchmark that is used in part to maintain a correct balance of the remuneration between the executive board and management.

Scenario analyses were carried out and used in the formulation of the remuneration policy.

#### 2.2 Remuneration package

- an annual salary;
- a contribution to the accrual of a pension;
- variable short-term bonus awarded on an annual

basis for on-target performance;

- variable long-term bonus awarded for on-target performance over a period of three years;
- the option to participate in the Bonus Share Matching Plan, which acts as an incentive to accumulate shares and underlines commitment to the company.

In addition, each member of the Executive Board receives an expense allowance and insurance contributions and a lease car is made available.

### 2.3 Variable bonus

Both the variable short-term bonus and variable long-term bonus are paid out in cash. Each of the short-term bonus and long-term bonus amounts to 50% of the annual salary for an on-target performance in the year in question. If a board member exceeds the targets, the bonus can increase to a maximum of 75%. If a board member's performance falls below a previously agreed minimum, the bonus is zero.

Conditions for the award of a variable bonus:

- If the company records a net loss in the year for which the variable bonus is to be awarded, the unconditional award is postponed. If the company once again records a net loss in the subsequent year, the right to a variable bonus lapses;
- The Supervisory Board is entitled to a final assessment of any award of a bonus with respect to its reasonableness and fairness and may adjust the award;
- The entire variable remuneration is subject to a claw-back clause, to the effect that any variable remuneration that has been awarded may be reclaimed if it turns out after the fact that this was awarded on the basis of incorrect information.

### 2.4 Bonus Share Matching Plan

Members of the Executive Board may choose to participate in the Bonus Share Matching Plan, the aim of which is to incentivise the directors in the longer term and gain their commitment to the company. In the context of this plan, they can invest 50% of (the net equivalent of) their short-term variable bonus that they are awarded in any year in (depository receipts for) Heijmans shares. Provided that they hold these depository receipts for three years and they are still employed at the company at the end of this period, the company awards one bonus depository receipt, a so-called matching share, for every depository receipt the director has taken. These matching shares are blocked for two years after the award.

## 3. Implementation of the remuneration policy for the Executive Board in 2021

The Remuneration and Appointment committee consists of Mrs. M.M. Jonk (chair) and Mrs. J.W.M. Knape-Vosmer. The committee met four times in 2021, and dealt with the usual annual items, such as the remuneration of the members of the Executive Board, the targets related to the variable bonus, the variable bonus itself and the Bonus Investment Share Matching Plan. In view of the change in regulations, the committee devoted a great deal of attention to the remuneration report.

In the application of the remuneration policy for the Executive Board in 2021, the Remuneration and Appointment committee assessed how the Executive Board had performed in the execution of the company's strategic and financial targets.

The committee also devoted attention to the general circumstances in which this happened, such as the Covid-19 pandemic, which is still having a significant impact on society as whole and the working environment. It also took into account problems affecting the construction sector in particular, such as the unresolved nitrogen emissions issue, which is beyond the company's control and primarily affects the market for major infrastructural projects and residential projects.

On the advice of the committee, the Supervisory Board decided to award both the short-term and long-term variable bonuses to the members of the Executive Board. See section 3.3 for a more detailed explanation.

During the AGM on 15 April 2020, the explanation for the reappointment of Mr. AGJ. Hillen referred to the most important elements of his agreement with Heijmans. The Supervisory Board was planning to adjust the agreed fixed salary as per the date of the reappointment to € 550,000 gross per annum, in line with the benchmark. The fact that the financial impact of the Covid-19 crisis was still unclear at that time created an exceptional situation. In amicable consultations, Mr. Hillen understood this completely and it was decided not to go ahead with the salary increase. The Supervisory Board indicated at the time that it would return to this issue at a later date to look for a suitable solution. On the basis of the good results for 2020, in early 2021 the Supervisory Board found it was justified in making this adjustment after all. Therefore, in early 2021 the Supervisory Board decided to make this adjustment as per April 2021 and to apply the original increase to the remaining three years of the CEO's appointment term.

### 3.1 Table with an overview of remuneration by component

The gross fixed and variable remuneration paid out to the members of the Executive Board in 2012 and 2021 and the amounts to be paid out in 2022 are as follows:

in €	Gross fixed remuneration			Variable remuneration			Total remuneration		
	Payable in 2022	Paid in 2021	Paid in 2020	Payable in 2022	Paid in 2021	Paid in 2020	Payable in 2022	Paid in 2021	Paid in 2020
AGJ. Hillen	566.667	550.000	500.000	658.309	606.534	498.461	1.224.976	1.156.534	998.461
J.G. Janssen	-	123.958	425.000	70.895	515.554	423.692	70.895	639.512	848.692
G.M.P.A. van Boekel	425.000	141.667	-	129.721	150.000	-	554.721	291.667	-
<b>Total</b>	<b>991.667</b>	<b>815.625</b>	<b>925.000</b>	<b>858.925</b>	<b>1.272.088</b>	<b>922.153</b>	<b>1.850.592</b>	<b>2.087.713</b>	<b>1.847.153</b>

The variable bonus to be paid out in 2022 includes the long-term variable bonus for 2019-2021. The variable bonus paid out to Mr G.M.P.A. Van Boekel in 2021 pertains to the sign-on bonus that will be made unconditional in September 2024. The long-term variable bonus paid out to him is based on the assimilation model based on the remuneration policy.

The expenses per member can be specified as follows:

in €		Gross fixed remuneration	Short term variable remuneration	Long-term variable remuneration	Pension contributions	Signing bonus	Expense allowances including reimbursement of car expenses, compulsory social insurance contributions and costs of the Share Matching Plan	Total
AGJ. Hillen*	2021	550.000	314.559	352.083	203.140	-	121.034	1.540.816
	2020	500.000	325.284	281.250	203.086	-	109.115	1.418.735
J.G. Janssen**	2021	123.958	70.895	-	25.667	-	16.591	237.111
	2020	425.000	276.491	26.563	88.000	-	41.717	857.771
G.M.P.A. van Boekel***	2021	141.667	81.023	118.899	21.667	16.667	16.767	396.690
	2020	-	-	-	-	-	-	-
<b>Total</b>	2021	815.625	466.477	470.982	250.474	16.667	154.392	2.174.617
	2020	925.000	601.775	307.813	291.086	0	150.832	2.276.506

\* Chairman of the Executive Board since 1 December 2016 and member of the Executive Board since 18 April 2012

\*\* Member of the Executive Board from 30 October 2017 to 15 April 2021

\*\*\* Member of the Executive Board since 1 September 2021

For a more detailed explanation of the table above, see section 6.28 of Heijmans' 2021 financial statements.

### 3.2 Fixed Remuneration

Mr. J.G. Janssen was a member of the Executive Board and CFO until 15 April 2021. His fixed remuneration in 2021 did not change when compared with 2020.

Mr. G.M.P.A. van Boekel was appointed as CFO and to the Executive Board with effect from 1 September 2021. His remuneration package was explained at the Extraordinary Meeting of Shareholders on 30 August 2021 and is in line with the remuneration policy established by the AGM in 2020.

Mr. AGJ Hillen's fixed remuneration increased with effect from April 2021. See section 3 for a more detailed explanation.

The accrual of Mr. AGJ. Hillen's retirement pension, dependents and orphans pension is in line with the conditionally indexed average salary scheme of the industry pension fund, under which pension is accrued on the gross fixed salary up to € 63,855, and which comes into effect at 67 years of age. This member of the Executive Board participates in a defined contribution scheme for his salary above this amount, and up to € 112,189. Mr. Hillen also receives compensation for the loss of pension accrual on the part of his salary above € 112,189.

In deviation from the above, Mr. G.M.P.A van Boekel receives a fixed remuneration for the accrual of his own pension provision.

Mr. Janssen also received a (pro rata) fixed remuneration for the accrual of his own pension provision in 2021.

Heijmans does not have any early retirement pension schemes for members of the Executive Board.

The expense allowances, including the reimbursement of car expenses, social premiums and the costs of the Share Matching Plan, are shown in the table in section 3.1. For additional information, see the 'Related parties' section of the notes to the financial statements for 2021.

### 3.3 Variable remuneration

The variable remuneration recognises on-target performance in the year under review or over a period of three years. Fifty percent of both the short-term and long-term variable remuneration depends on quantitative financial targets that are essential to the execution of the strategy, while the remaining fifty percent depends on qualitative targets that reflect the progress in the execution of the strategy.

At the start of each year, the Supervisory Board sets a minimum, on-target and maximum level for the various targets. After the end of each year or after the end of the three-year period respectively, the Supervisory Board determines the extent to which those targets have been met and the amount to be awarded.

The Supervisory Board chooses the financial performance criteria that are the most relevant criteria at that moment from a list of four criteria included in the remuneration policy. The Supervisory Board defines the targets in hard amounts or percentages. The qualitative criteria are derived from Heijmans' strategic ambition - Better,

Smarter, Sustainable - and are determined in consultation with the Executive Board, in which the Supervisory Board indicates the ambition level of the progress and what they will use as the minimum and the maximum.

#### 3.3.1 Short-term variable remuneration (annual bonus)

For the year under review, the Supervisory Board chose underlying EBITDA and average net debt as the most relevant short-term financial targets. The target levels are included in accompanying table, which shows that Heijmans easily met its targets, which on balance results in a pay-out of 35.8% of the fixed annual salary.

The short-term qualitative targets are focused on the execution of Heijmans' strategy - Better, Smarter, Sustainable - with a number of concrete targets such as reducing the number of accidents, reducing unwanted staff turnover, raising the number of internal appointments to key positions, further expansion of the high-rise building concept and the connections to be realised by Heijmans Energy.

The Supervisory Board assessed the performance of the aforementioned qualitative targets on the basis of KPIs, other figures, and additional information provided by the Executive Board. The Supervisory Board determined that Heijmans did not meet some of its targets, including safety and unwanted staff turnover, while it outperformed its targets in other aspects, such as internal appointments to key positions. On balance, the qualitative performances were somewhat below the targets set, resulting in a pay-out of 21.4% of the fixed annual salary. The financial and qualitative performances result in a total pay-out percentage of 57.2% of the fixed annual salary.

Short-term target	Weighting	Minimum	On target	Maximum	Realisation	Pay-out % of the fixed annual salary
Underlying EBITDA incl. IFRS 16	25%	€ 85 mln	€ 93 mln	€ 110 mln	€ 106 mln	17%
Average net debt	25%	€ 1 mln	- € 9 mln	- € 29 mln	- € 64 mln	18.8%
Qualitative (SB opinion)	50%	Reasonable progress	In line with ambition	Well above ambition	Somewhat below ambition	21.4%
<b>Total</b>	<b>100%</b>					<b>57.2%</b>

Note: if the score comes in between the various levels, the bonus is calculated using the straight line method. Underlying EBITDA includes IFRS 16. Net debt is the average over four measurement points as per the end of a quarter.

### 3.3.2 Long-term variable remuneration (three-year bonus)

#### Award 2019-2021

The targets for the long-term variable remuneration for the period 2019 through 2021 are assessed after the end of said period.

For 2021, there was one financial target in the aforementioned three-year period:

- Average earnings per share growth of 5% per year over a three-year period (rolling).

The board delivered a maximum performance on this target, resulting on balance in a pay-out of 37.5% on the financial target.

The award of a pay-out on the qualitative targets over the three-year period is based on two criteria, which together make up a single target:

- A general target that is broadly focused on predictability, digital transformation and safety.
- Smarter, with targets for developments in the business areas, i.e. BeSense, Smart Cities and Happiness.

The Supervisory Board assessed the performance of the aforementioned qualitative targets on the basis of KPIs, other figures, and additional information provided by the Executive Board, and has determined that the performance exceeded the on-target level but slightly below the maximum level. The Supervisory Board has determined that Heijmans scored well above target on most aspects, such as improving predictability, shaping the digital transformation and applying smart city concepts. Heijmans only scored below the target on small number of aspects, including safety in a broad sense, despite a visible improvement. On balance, this performance was well above target.

The above results, on balance, in a pay-out on the qualitative targets of 31.3% of the fixed annual salary.

Long-term target	Weighting	Minimum	On target	Maximum	Realisation	Pay-out % of the fixed annual salary
Earnings per share (avg. three years, rolling)	50%	n.a.	Avg. 5% per year over three years	n.a.	Maximum realisation	37.5%
Qualitative (SB opinion)	50%	Reasonable progress	In line with ambition	Well above ambition	Above ambition	31.3%
<b>Total</b>	<b>100%</b>					<b>68.8%</b>

The following applies to the above table. The Supervisory Board sets the on-target level for each target and the extent to which these targets were or were not met is determined at the discretion of the Supervisory Board. This methodology does not change the composition of the long-term variable remuneration: this can be a maximum of 75% of the agreed fixed salary and the financial and qualitative targets each still account for 50% of the overall target.

### 3.4 Bonus Share Matching Plan

For the purposes of the Bonus Share Matching Plan, the members of the Executive Board are given the opportunity to use a maximum of 50% of their awarded short-term bonus to purchase (depository receipts) for Heijmans N.V. shares. The so-called matching shares are awarded after three years, if the participant is still employed by the company at that time. Ton Hillen and Hans Jansen have participated in this plan since they joined the company and first invested in 2018 and 2019 respectively. Mr. G.M.P.A. van Boekel will first be able to participate in the SMP in 2022.

Date of investment	Number purchased by		Date matching	Date matching*
	A.G.J. Hillen	J.G. Janssen		
April 2018	7,500	5,000	April 2022	n.a.
April 2019	13,000	8,700	April 2023	n.a.
April 2020	5,500	n.a.	April 2024	n.a.

\* not applicable because he no longer meets the requirements for matching shares as of 15 April 2021 due to his resignation.

Following the unconditional granting of the matching shares, these are then subject to a lock-up period of two years.

In April 2021, 5,000 matching shares were granted to A.G.J. Hillen on the basis of his purchase in April 2018. The lock-up period for these matching shares expires in April 2023. In April 2021, he purchased 5,500 (depository receipts for) shares. These will be matched in April 2023 if conditions are met.

### 3.5 Pay ratios and result development

The table below shows the information in accordance with article 2:135b, section 3, sub e of the Dutch Civil Code.

<b>Fixed and variable remuneration</b>						
In €		2021	2020	2019	2018	2017
	Underlying EBITDA (incl. IFRS 16)	€ 106 mln	€ 85 mln	€ 78 mln		
	Underlying EBITDA (excl IFRS 16)			€ 54 mln	€ 43 mln	€ 30 mln
a	Average remuneration employees	60.055	58.035	56.823	52.797	52.553
b	Average fixed remuneration of Executive Board members	487.500	462.500	462.500	462.500	462.500
A.G.J. Hillen	1 Gross fixed remuneration	550.000	500.000	500.000	500.000	500.000
	2 Short-term variable remuneration	314.559	325.284	242.211	250.000	345.868
	3 Long-term variable remuneration	352.083	281.250	256.250	437.500	-102.050
	6 Pension expenses	203.140	203.086	202.052	201.141	200.273
	7 Other	115.576	109.115	79.117	57.252	43.483
	Total	1.535.358	1.418.735	1.279.630	1.445.893	987.574
J.G. Janssen	1 Gross fixed remuneration	123.958	425.000	425.000	425.000	74.053
	2 Short-term variable remuneration	70.895	276.491	205.879	212.500	
	3 Long-term variable remuneration		26.563	217.813	212.500	
	6 Pension expenses	25.667	88.000	88.000	88.000	14.867
	7 Other	16.591	41.717	70.037	48.801	9.059
	Total	237.111	857.771	1.006.729	986.801	97.979
G.M.P.A. van Boekel	1 Gross fixed remuneration	141.667				
	2 Short-term variable remuneration	81.023				
	3 Long-term variable remuneration	118.899				
	4 Sign-on bonus	16.667				
	6 Pension expenses	21.667				
	7 Other	16.767				
	Total	396.690	0	0	0	0
L.J.T. van der Els	1 Gross fixed remuneration					115.954
	6 Pension expenses					28.671
	7 Other					14.892
	Total	0	0	0	0	159.517
M.C. van den Biggelaar	1 Gross fixed remuneration					68.209
	6 Pension expenses					11.870
	7 Other					9.372
	Total	0	0	0	0	89.451
R.F. Majenburg	1 Gross fixed remuneration					331.409
	2 Short-term variable remuneration					248.557
	3 Long-term variable remuneration					-64.484
	5 Severance payment					404.563
	6 Pension expenses					72.822
	7 Other					34.304
	Total	0	0	0	0	1.027.171
Totaal	1 Gross fixed remuneration	815.625	925.000	925.000	925.000	1.089.625
	2 Short-term variable remuneration	466.477	601.775	448.090	462.500	594.425
	3 Long-term variable remuneration	470.982	307.813	474.063	650.000	-166.534
	4 Sign-on bonus	16.667	0	0	0	0
	5 Severance payment	0	0	0	0	404.563
	6 Pension expenses	250.474	291.086	290.052	289.141	328.503
	7 Other	148.934	150.832	149.154	106.053	111.110
	Total	2.169.159	2.276.506	2.286.359	2.432.694	2.361.692

1. Agreed fixed salary

2. Short-term variable annual remuneration in accordance with the remuneration policy described in section 1 of this report.

3. Long-term variable three-year remuneration in accordance with the remuneration policy described in section 1 of this report.

6. For an explanation of pension expenses, see section 3.2 of this report.

7. Expenses payments, car-related expenses, social charges, reservation for long service award and expenses related to share matching plan.

For an explanation of the Share Matching Plan, see section 3.4 of this report.



### Pay Ratio

In accordance with best practice 3.4.1 sub iv of the Dutch Corporate Governance Code, the Supervisory Board includes a description of the pay ratio between the Executive Board and other employees of the company. This was calculated on the basis of the fixed agreed salary, including holiday allowance, on the reference date 30 November 2021. The average fixed agreed remuneration of the members of the Executive Board employed on the reference date was compared with the reference group, consisting of all employees with an employment contract with the company (Heijmans N.V.), or one of its subsidiaries in the Netherlands on the reference date. The average fixed salary of the members of the Executive Board amounted to € 487,500 (2020: € 462,500) on the reference date, compared to an average fixed salary of € 60,055 (2020: € 58,034) for the reference group. On the basis of the above, the pay ratio can be expressed as a ratio of 8 to 1 (2020: 8 to 1).

The Remuneration and Appointment committee takes this pay ratio into account in any proposals they submit to the Supervisory Board regarding the remuneration of the individual members of the Executive Board.

## 4. Highlights of the remuneration policy for the Heijmans N.V. Supervisory Board

The remuneration policy for the Supervisory Board, as this applied in the 2021 financial year, was adopted by the Annual General Meeting of Shareholders (AGM) held on 15 April 2020. The aim of the remuneration policy is to enable Heijmans to recruit experienced and expert supervisory directors. This requires remuneration in line with market rates. In accordance with best practice 3.3.1 of the Dutch Corporate Governance Code, the remuneration of supervisory directors should also reflect the time commitment and the responsibilities of the position. With a view to the independent position of supervisory directors, their remuneration does not depend on the company's results and internal pay ratios are less relevant.

To tailor the remuneration to commitment in time and responsibilities:

- the chair and vice-chair of the Supervisory Board receive a higher fixed basic remuneration than (ordinary) members;
- supervisory directors receive remuneration for the work they do in committees, on top of the basic remuneration paid to all members;
- committee chairs receive a higher committee remuneration than the members of those committees.

In accordance with the remuneration policy adopted on 15 April 2020, the supervisory directors are paid the following amounts with effect from 2021 (incl. indexing from 1 January 2021):

Per year in euro in 2021	
Chair of Supervisory Board	62,360
Vice-chair of Supervisory Board	46,770
Member of Supervisory Board	41,574
Chair of Audit and Risk Committee	8,315
Member of Audit and Risk Committee	6,236
Chair of Remuneration and Appointment Committee	7,275
Member of Remuneration and Appointment Committee	5,197

This remuneration is adjusted annually on 1 January on the basis of the CBS consumer price index (CPI) for all spending.

For additional information on the Remuneration policy for the Supervisory Board see (in Dutch):

[www.heijmans.nl/nl/over-heijmans/corporate-governance/codes-statuten-en-reglementen/](http://www.heijmans.nl/nl/over-heijmans/corporate-governance/codes-statuten-en-reglementen/)

## 5. Implementation remuneration policy Supervisory Board 2021

In the financial year 2021, the members of the Supervisory Board received a remuneration in accordance with the policy described in section 4 of this report. The division of tasks was as follows in 2021:

- Mr. Sj.S. Vollebregt, chair
- Mr. R. Icke, vice-chair Supervisory Board and chair Audit and Risk committee
- Mrs. M.M. Jonk, member Supervisory Board, member Audit and Risk committee. Chair Remuneration and Appointment committee
- Mrs. J.W.M. Knape-Vosmer, member Supervisory Board, and member Remuneration and Appointment committee
- Mr. G.A. Witzel, member Supervisory Board, and member Audit and Risk committee until 12 November 2021
- Arnout Traas, appointed 14 April 2021 and from that date: member Supervisory Board and member Audit and Risk committee

In the years 2017 through 2021, the members of the Supervisory Board were paid the following amounts:

	in €	2021	2020	2019	2018	2017
1	Sj.S. Vollebregt – chair	62.360	60.000	60.000	60.000	47.723
2	P.G. Boumeester		14.064	46.750	46.000	37.723
3	R. van Gelder		15.860	52.750	52.000	42.723
4	R. Icke	55.085	54.378	53.000	53.000	37.723
5	Mr. M.M. Jonk	55.085	54.078	49.000	3.333	
6	S. van Keulen			13.500	54.000	42.723
7	J.W.M. Knape-Vosmer	49.226	45.571			
8	G.A. Witzel	44.344	33.630			
9	A.E. Traas	47.810				
	<b>Total</b>	<b>313.910</b>	<b>277.581</b>	<b>275.000</b>	<b>268.333</b>	<b>208.615</b>

1. supervisory director from 15 April 2015, chair from 13 April 2016

2. supervisory director from 28 April 2010 to 15 April 2020

3. supervisory director from 1 July 2010 to 15 April 2020

4. supervisory director from 9 April 2008

5. supervisory director from 6 December 2018

6. supervisory director from 18 April 2007 to 10 April 2019

7. supervisory director from 15 April 2020. Amount in 2020 includes remuneration of € 11,029 for the induction period from January until mid-April 2020

8. supervisory director from 15 April until 12 November 2021

9. supervisory director from 14 April 2021. Amount in 2021 includes remuneration of € 11,953 for the induction period from January until mid-April 2021

## 6. Evaluation of Remuneration policy and plans for 2022

In April 2020, the Remuneration and Appointment committee evaluated the remuneration policies for the Executive Board and the Supervisory Board approved by the AGM and found these to be effective and balanced. The Supervisory Board accepted the advice to leave the policy unchanged in 2022. In accordance with article 2:135a of the Dutch Civil Code BW, a new policy will be submitted to the AGM for approval no later than the meeting to be held in 2024.

The committee also evaluated the level of remuneration of the Executive Board. In accordance with the policy, the remuneration for the Supervisory Board was adjusted on the basis of the CBS consumer price index (CPI) for all spending.

The Remuneration and Appointment committee submitted a proposal to the Supervisory Board for the performance criteria for the short-term variable bonus for 2022 and the long-term variable bonus for 2022-2024 from the options offered by the remuneration policy for the Executive Board. The financial targets for the short-term bonus in 2022 are underlying EBITDA and average net debt. The qualitative targets are derived from the Better, Smarter, Sustainable strategy. The long-term financial target is earnings per share.

The qualitative target pertains to a number of specific targets relating to the reduction of CO<sub>2</sub> emissions.

The performance levels that the Supervisory Board has set for each of these targets are considered competition sensitive and will therefore be disclosed after the fact once bonuses have been awarded unconditionally.

## 7. Advisory vote General Meeting of Shareholders report previous financial year

In accordance with article 2:135b of the Dutch Civil Code, the Supervisory Board presented the 2020 remuneration report to the AGM on 14 April 2021 for an advisory vote, with the proposal that the AGM approve the 2020 remuneration report. The AGM subsequently approved the 2020 remuneration report by 99.6% of the votes cast. In accordance with article 135b section 2 of the Dutch Civil Code, the company took this outcome into account when producing the current remuneration report, in the sense that the Supervisory Board deduced from said outcome that the remuneration report met requirements and that it noted that there were no questions or comments about the report during the AGM.

Rosmalen, 25 February 2022

## 15.7 Other appendices

### 15.7.1 Heijmans Share Administration Trust 2021

The following report is presented in line with the best practice provision 4.4.6 in conjunction with provision 4.4.7 of the Dutch Corporate Governance Code.

#### Methods

To emphasise the independence of the Heijmans Share Administration Trust (hereinafter referred to as 'the SA Trust'), its Board of Trustees first meets in the absence of the members of the Company's Executive Board. The members of the Executive Board and the Chairman of the Supervisory Board then join the meeting.

#### Number of shares for which depositary receipts have been issued

The SA Trust has issued depositary receipts for ordinary shares of Heijmans N.V. with the Company's cooperation. The SA Trust is an independent legal entity, as defined in Section 5:71 (1)(d) of the Financial Supervision Act.

As at 31 December 2021, the SA Trust had depositary receipts for ordinary shares with a nominal value of € 6,828,141.60 in administration, for which 22,760,472 bearer depositary receipts with a nominal value of € 0.30 had been issued.

#### Number of meetings of the Board of Trustees and most important agenda items

The Board of Trustees of the SA Trust met on three occasions during the year under review.

#### Meeting of 15 March 2021

The following subjects were discussed during this scheduled meeting of the Board:

- The 2020 annual report of Heijmans N.V. and the full-year press release of 12 February 2021.
- Discussion of the items on the agenda for the General Meeting of Shareholders of Heijmans N.V. to be held on 14 April 2021.
- The annual report related to the financial reporting of the SA Trust for 2020.
- The evaluation of the Meeting of Depositary Receipt Holders of 20 November 2020.
- The appointment of a trustee.
- The amendment to the articles of association related to a regulatory change.

During the meeting, the SA Trust made a number of comments and asked questions of the chairman of the Executive Board and the chairman of the Supervisory Board with respect to subjects including:

- The question as to whether Heijmans is looking into prefab home construction considering the great demand for homes and, if yes, whether and to what degree PFAS and nitrogen emissions issues are a problem for Heijmans.
- The degree to which risk management has been implemented.
- The impact of the continuing Covid-19 pandemic on Heijmans.

In the spring of 2021, one trustee stepped down. The trustee in question was Mr. W.M. van den Goorbergh, also the chair. The Meeting of Depositary Receipt Holders of 20 November 2020 did not submit a recommendation for the filling of this vacancy. The board sought and found a suitable candidate in Mr. M.C. van Gelder. The board appointed Mr. M.C. van Gelder for a term of four years. After an internal discussion, the board appointed Mr. P.W. Moerland as chair of the board of trustees.

#### Meeting of 14 October 2021

Subjects discussed in this scheduled meeting included:

- Heijmans N.V.'s 2021 interim results.
- The resolution to hold a Meeting of Depositary Receipt Holders on 15 November 2021, to be held in hybrid form due to Covid-19 measures.
- The composition of the Board: Mr. J.J.G.M. Sanders will step down as of the spring meeting of 2022. He is eligible for reappointment. The board decided to open up a vacancy and to give the Meeting of Depositary Receipt Holders of 15 November 2021 the opportunity to nominate candidates.

During the meeting, the SA Trust made a number of comments and asked questions of the chairman of the Executive Board and the chairman of the Supervisory Board on subjects including:

- The strategy of Heijmans with regard to land holdings in light of the tight housing market.
- Heijmans' vision for the market for large infrastructural projects, in light of the nitrogen emission issue.
- The question as to whether Heijmans will be affected by the rising costs for necessary measures in the work environment due to Covid-19 and the rising prices for building materials.
- Developments in the context of the energy transition.

### Meeting of 15 November 2021

This board meeting focused on the preparations for the Meeting of Depositary Receipt Holders of 15 November 2021.

### Meeting of Depositary Receipt Holders of 15 November 2021

On 29 October 2021, the SA Trust convened a meeting to be held on 15 November 2021 at the Heijmans head office. Depositary receipt holders were also offered the option to attend the meeting digitally.

As per 15 November 2021, the SA Trust had issued a total of 22,760,472 (depositary receipts for) shares. Two depositary receipt holders registered for the meeting, representing 0% rounded down of the outstanding shares. Due to the Covid-19-related measures that came into force within Heijmans the day before the meeting, the meeting took place digitally. In fact, one depositary receipt holder participated in the meeting.

During the meeting of Depositary Receipt Holders, the board determined that there were no recommendations for the vacancy created by the resignation of Mr. J.J.G.M. Sanders in the spring of 2022. The board reported on the Trust's activities. The report of the meeting will be drawn up in accordance with best practice provision 4.4.6. in conjunction with provision 4.4.7. of the Dutch Corporate Governance Code and will be published on the Heijmans website.

### Participation SA Trust in the General Meeting of Shareholders of 14 April 2021

The board of the SA Trust was represented via a proxy at the General Meeting of Shareholders on 14 April 2021, which was held digitally due to Covid-19-related measures. At the end of the meeting, after hearing the explanations of the Executive Board and the Supervisory Board, the board of trustees voted in favour of all the agenda items put to a vote.

The board of the SA Trust did not make use of its right to submit questions during the meeting, as the questions submitted in writing and answered at the meeting corresponded with those prepared by the board of the SA Trust.

The SA Trust granted authorisation to holders of depositary receipts who attended the General Meeting of Shareholders in person or who were represented by a third party, to vote independently on the number of depositary receipts for shares reported prior to the meeting, with due observance of the Articles of Association and Trust Conditions.

As was the case in 2010 through 2020, in its convocation for the 2021 General Meeting of Shareholders, the board of the SA Trust offered holders of depositary receipts who were unable to attend the shareholders meeting in person the opportunity to express their views on certain issues via e-mail or otherwise in writing. The board of the SA Trust is then able to take these views into consideration when determining how it will cast its vote. Once again, the board did not receive any response to this offer.

### Votes cast at the General Meeting of Shareholders of 14 April 2021

Of the 21,933,477 (depositary receipts for) shares SA Trust had issued as per 14 April 2021, 5,544,219 (depositary receipts for) shares were registered as present at the meeting (approximately 25%; 2020: approximately 20%). No holders of (depositary receipts for) shares were present at the meeting. The holders of 5,537,208 (depositary receipts for) shares issued voting instructions to ABN AMRO. The SA Trust therefore represented approximately 75% of the depositary receipts for shares, at the AGM.

### Participation SA Trust Board in the Extraordinary General Meeting of Shareholders of 30 August 2021

There was only one item was on the agenda for this (physical) meeting, that being the report on the proposed appointment by the Supervisory Board of Mr. G.M.P.A. van Boekel as a member of the Executive Board. This was not a voting item. The SA Trust was represented at this meeting by Mr. J.J.G.M. Sanders and Mr. R.H. Hooghoudt.

### Activities

The activities related to the administration of the shares or depositary receipts for shares are carried out by the administrator for the SA Trust, IQ EQ Netherlands N.V. in Amsterdam.

## Costs

The costs associated with the activities of the SA Trust are primarily related to the costs of administration (which are charged by IQ EQ) and the fees charged by the auditor EY for the audit of the financial statements. Other expenses relate to the remuneration of the trustees (see the section Board of Trustees and Remuneration below).

## External advice

The Board did not seek any external advice in the 2021 reporting year.

## Board of Trustees and Remuneration

The board of the SA Trust consists of:

Mr. P.W. Moerland (Chair)  
 Mr. R.H. Hooghoudt  
 Mr. J.J.G.M. Sanders  
 Mr. M.C. van Gelder

P.W. Moerland is Chairman of the Supervisory Board of Enexis N.V., Chairman of Stichting Berenschot Beheer. Prior to this, in the period 2003 to October 2013, he was a member of the Executive Board of Rabobank Nederland, for the last four years as chairman. In the years 1980 to 2013, Mr. Moerland was Professor of Business Administration at the University of Groningen and Professor of Business Finance, and from 1999 also Professor of Corporate Governance at the University of Tilburg. Mr Moerland was appointed as a trustee of the SA Trust on 25 March 2015, and reappointed in the spring of 2019.

R.H. Hooghoudt is a member of the Supervisory Board of IBS Capital Management B.V. and a member of the Supervisory Board of IBS Fund Management B.V. He has been a lawyer since 1975 and in 1990 joined NautaDutilh, where he currently acts as an adviser. Mr. Hooghoudt was appointed as trustee of the SA Trust on 23 March 2016 and reappointed in the spring of 2020.

J.J.G.M. Sanders is Chairman of the Supervisory Board of Bolsius N.V., Chairman of the Supervisory Board of Nemo Healthcare B.V., Chairman of the Board of Supervision of the Catharina Hospital in Eindhoven, Chairman of the

Stichting Evenementen Liliane Fonds and member of the Advisory Committee of Voedselbank Eindhoven. From 2010 to mid-2014, Mr. Sanders was Managing Director of PSV N.V., and prior to this he spent 16 years at FrieslandCampina, for the last eight years as Chairman of the Executive Board. Mr. Sanders was appointed as a trustee of the SA Trust on 26 March 2014 and reappointed in the spring of 2018.

M.C. van Gelder is Chairman of the Supervisory Board of Vastned N.V., Chairman of the Supervisory Board of Hans Anders N.V., member of the Supervisory Board of Action, Chairman of the Supervisory Board of JP Morgan European Discovery Trust PLC, Chairman of the Supervisory Board of Quantib B.V., Chairman of the Supervisory Board of Stichting Continuïteit NN Group, Chairman of the Supervisory Board of Stichting Administratiekantoor Fugro, member of the Supervisory Board of Administratiekantoor Continuïteit ABN AMRO Bank. Mr. Van Gelder was CEO of Mediq until 2014, and prior to that worked at Ahold for eight years in both the Netherlands and the US. Mr. Van Gelder was appointed as trustee of the SA Trust in March 2021 for a term of four years.

The remuneration of the Board of Trustees in 2021 amounted to €12,000 for the Chairman and €10,000 for each other trustee.

## Contact information

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## 15.7.2 The Heijmans Preference Share Trust

The Heijmans Preference Share Trust (hereinafter: 'the Trust') is an independent legal entity as defined in Section 5:71 (1)(c) of the Dutch Financial Supervision Act.

As stated in its articles of association of 16 July 2021, the purpose of the Trust is:

- To promote the interests of Heijmans N.V. (the Company) and of the business that is maintained by the Company and the companies affiliated with the Company in a group, in such a way that the interests of the Company and of that business and of all those involved are optimally safeguarded, and in such a way that influences that could compromise the independence and/or continuity and/or the identity and/or the strategy of the Company and of those businesses contrary to those interests, are defended against to the greatest extent possible, as well as to take any action connected with or possibly conducive to the above.
- The Trust endeavours to attain its goal by, among other things, acquiring and managing shares, in particular preference shares, in the capital of the Company and by exercising - in court proceedings or elsewhere - the rights granted to it pursuant to the law, the articles of association or by virtue of agreement.
- The Trust may dispose of the shares it has acquired or may pledge them, provided that the voting rights associated with the shares in question do not transfer to the pledgee, or are not otherwise encumbered, on the understanding that the Company's approval is necessary for any disposal of shares.

The Trust has the right (a call option) to acquire preference shares in the capital of Heijmans N.V. up to a maximum of (close to) 100% of the nominal value of the capital issued in ordinary shares and financing preference shares B.

The Trust was granted the right of inquiry in 2008.

During the board meeting of 31 March 2021, Mr. S.CJJ Kortmann was reappointed as a trustee and Chairman for a term of four years.

The composition of the Board of Trustees is as follows:

Mr. S.CJJ. Kortmann  
 Mr. F.J.G.M. Cremers  
 Mr. B. van der Veer

### 15.7.3 Reporting methodology

#### Scope

Heijmans' operations are concentrated in the Netherlands and it reports key figures for these activities in this annual report. Unless specifically mentioned, combined projects have not been included in the non-financial information of this annual report, with the exception of safety-related information, for which Heijmans reports in line with SCC (Dutch: VCA) definitions. In 2021, deferred absenteeism was also included in the IF figure.

#### Information gathering and verification

Those involved in preparing the content and design of this report held regular consultations during the year. They organised a kick-off session in October at which they shared experiences from the previous year, together with targets and ambitions. At this session, those involved reached agreements regarding content, ambition and planning. These agreements formed the basis for the underlying report. The data used originate from the various administrations, systems and databases in the Heijmans organisation, including a number of management systems and the registration data on operating processes they produce. Examples include Workday for HRM-related aspects, energy management systems, as well as the likes of IRES for accident statistics. Information is also derived from other sources, such as the ERP systems and information from suppliers, including those supplying the company's vehicle fleet, timber suppliers, and waste processing and energy companies.

Finally, reporting also includes data originating from the certified management systems ISO 14001, ISO 9001, SCC (Dutch: VCA) and SKAO. Although Heijmans has implemented various procedures for the reporting of incidents and the fact that we have actually received reports of incidents, Heijmans cannot be entirely certain that every incident has been reported.

#### Reporting methodology

Sustainability-related disclosures have been prepared in accordance with the Global Reporting Initiative (GRI Standards, Core option). Heijmans also applies the GRI supplement for the construction sector. Where possible, Heijmans uses the same terminology used in ISO 26000 and the Integrated Reporting Framework of the International Integrated Reporting Council. The report covers the reporting period 01-01-2021 through 31-12-2021.

Heijmans used the Greenhouse Gas Protocol for the disclosure of CO<sub>2</sub> emissions. Heijmans commissioned EY Accountants LLP to provide limited assurance. Chapters 2, 3, 6 through 11 and 13.3 have been included in the scope of this assurance. The assurance report EY issued has been added to this report.

## 15.7.4 KPI table

Key Performance indicator	Concrete targets $\geq 2021$	Material aspect	SDG	Qualitative / quantitative	Actual 2019	Actual 2020	Target 2021	Actual 2021	Target 2022, and beyond	
<b>BETTER</b>										
<b>Financial</b>										
Revenue (x € bn)		8	8	Quantitative	1,6	1,7		1,7		
Order book (x € bn)		8	8	Quantitative	2,1	1,9		2,1		
Underlying EBITDA (x € mln)		8	8	Quantitative	78	85		106		
Solvency		8	8	Quantitative	25%	29%		30%		
<b>Safety</b>										
1	Number of accidents: total incl. at subcontractors	1, 2	2	8	Quantitative	84	85	<60	66	-20%
2	Number of fatal accidents	1, 2	2	8	Quantitative	1	0	0	0	0
3	Incident frequency (IF figure)	1, 2	2	8	Quantitative	3,3	3,7	< 2,0	3,8	< 1,0
4	Safety ladder	3	2, 10	8	Qualitative					
<b>Risk management &amp; process improvement</b>										
5	Homes delivered without snagging items	-	13, 18	8	Quantitative	37%	54%	50%	46%	100%
6a	Client appreciation Rijkswaterstaat	-	13	8	Quantitative	7,5	8,2	8,5	8,3	> 8,5
6b	Client appreciation Rijksvastgoedbedrijf	-	13	8	Quantitative	NVT	> 2020	$\geq 7,0$	9,4	> 7,5
6c	Client appreciation Schiphol - Infra	-	13	8	Quantitative	NVT	> 2020	$\geq 7,0$	9,0	> 7,5
6d	Client appreciation ProRail	-	13	8	Quantitative	7,9	7,6	$\geq 8,5$	7,8	> 8,5
6e	Client appreciation Private residential building	-	13	8	Quantitative	7,1	7,3	$\geq 7,5$	7,2	> 7,5
7a	Purchasing spend subcontractors with valid SCC certificate	-	12, 14, 17, 18	8	Quantitative	100%	98%	100%	100%	100%
7b	Purchasing spend preferred suppliers	-	12, 18	8	Quantitative	53%	52%	65%	57%	> 55%
<b>Quality of the organisation</b>										
9a	Staff turnover (%) at own request	6	7	8	Quantitative	5,4%	4,58%	3,70%	4,60%	
11	Total absenteeism	7	1, 2	8	Quantitative	4,4%	4,73%	4,35%	4,66%	< 4,0%
12	Training costs (x mln)	-	7, 10	8	Quantitative	2,8	2,9	NVT	2,8	
13	Employee engagement 2021 > 2019	8	15, 16	8	Quantitative			> 2019	+25 NPS	> benchmark
14	Diversity: % women	-	15	8	Quantitative	12%	12,9%	14,3%	13,9%	
<b>SMARTER</b>										
18	Spending on innovation (x € mln.)	-	6	8	Quantitative	5,8	10,4	NVT	8,3	
<b>Digitalisation</b>										
19	BIM: Projects (cat.3) which, according to BIM-plan, achieve target stars in the realisation phase (prognosis) (%)	9	6	8	Qualitative					
20	New data-driven services successfully launched in the market	10	6	8	Quantitative	2	4	5	9	
21	Number of subscriptions based on data-driven services in the user phase	11	6	8	Qualitative					



Explanation/definition	Sources/reference
Income from realisation of projects (in proportion to the progress of the projects) and sales of goods (mainly homes and land).	Financial statements
The total portion of works in progress not yet completed and projects acquired but not yet in progress at reporting date.	Finance & control
Underlying EBITDA is the operating result before depreciation and including the EBITDA from joint ventures, excluding revaluation of real estate and land, reorganisation expenses, book profits on the sale of entities and other non-operational results that the groups considers exceptional.	Financial statements
Capital base (equity plus the cumulative preference share capital) compared to total assets.	Financial statements
Total number of accidents on Heijmans projects according to SCC definitions.	IRES
Total number of fatal accidents on Heijmans projects (including subcontractors).	IRES
IF: number of accidents resulting in absenteeism of at least one day per million hours worked according to SCC definitions.	IRES
External methodology by stichting NEN (the Royal Netherlands Standardization Institute).	10.1.1 Safety
Percentage of total number of homes delivered with zero snagging items in reporting year.	SMILE
Score by RWS consisting of a weighted average of 2021, based on a methodology validated by them.	Rijkswaterstaat
Score given by the Dutch government's Real Estate Agency (Rijksvastgoedbedrijf), consisting of a score for the Laan op Zuid project in Rotterdam	Rijksvastgoedbedrijf
Score by Schiphol consisting of a weighted average of 2021 based on a methodology validated by them.	Schiphol
Score by ProRail, consisting of a weighted average of 2021, based on a methodology validated by them.	ProRail
Average score from surveys sent by Heijmans. The underlying methodology has been changed compared to last year.	GrowPromotor
Percentage of total procurement spend with subcontractors with a valid SCC certification. Procurement spend on combination projects has not been included.	ESIZE/SAP
Percentage of procurement spend with preferred suppliers in 2021, not including the category non-procurement. Procurement spend on combination projects has not been included.	ESIZE/SAP
The number of employees that leaves on their own initiative in proportion to the average number of employees (excl. interns) over a period of one year.	Workday
Number of absentee days compared to available number of calendar days. Health and Safety Service guidelines for measuring absenteeism rates.	VerzuimSignaal
Training costs in accordance with registration Heijmans Academy.	Pluspoort
	2DaysMood
The percentage of women in proportion to the total number of employees (excl. interns) on the final day of the reporting period.	Workday
Spending on innovation group and business areas in EUR mln.	SAP
Building Information Model (BIM): part of cat. 3 projects started in 2021, expected to achieve the number of BIM stars upon delivery, according to the multi-year BIM-plan. A maximum of 25 stars to be achieved, spread over five user levels.	10.2.1 Digitalisation
Number of data-driven services successfully launched in the market.	Finance & control
	Provided by Infra

Key Performance indicator	Concrete targets $\geq 2021$	Material aspect	SDG	Qualitative / quantitative	Actual 2019	Actual 2020	Target 2021	Actual 2021	Target 2022, and beyond	
<b>Production technology</b>										
22a	Concept homes delivered	12	6	8, 11	Quantitative	738	846	861	613	
25	Hours shifted from on-site to off-site (%)	12	6	8	Qualitative					
<b>SUSTAINABLE</b>										
<b>Energy</b>										
26	Absolute CO <sub>2</sub> emissions scope 1+2 in tons	13	1, 11	7	Quantitative	45.543	42.507	26.885	27.995	CO <sub>2</sub> -neutraal in 2023
27	Average CO <sub>2</sub> emissions of homes delivered (kilo)	15	1, 3, 11	7	Quantitative	-	1.409	-/- 5%	1.021	
<b>Materials</b>										
33	Total quantity of residual materials	-	1, 4	12	Quantitative	22.500	24.915	NVT	25.197	
34	Separation of residual materials building site	-	1, 4	12	Quantitative	75%	71%	75%	81%	> 75%
35	Reuse of residual materials after removal	-	1, 4	12	Quantitative	90%	89%	90%	88%	> 90%
36	Procurement spend with preferred suppliers with framework agreements with signed sustainability statement	-	1, 4, 12, 14	12	Quantitative	98%	93%	100%	96%	100%
37	Offers cat. 3 with score on environmental performance (%)	16	1, 4	12	Qualitative					
38	Packaging materials that can be reused or recycled	17	1, 4	12	Qualitative					
39a	CPG score GGB homes - concept homes	18	1, 4	11, 12	Quantitative	8,1	7,8	8,0	7,5	
39b	CPG score GGB homes - non-concept homes	18	4	9, 11	Quantitative	6,8	7,0	6,5	7,1	
40	Asphalt recycling	19	1, 4	12	Quantitative	52%	60%	65%	67%	
41	Concrete recycling	19	1, 4	12	Quantitative	30%	30%	30%	75%	
42	Heijmans Raw materials: Transaction volume traded via Matching Materials (tonnes)				Qualitative					
<b>Space</b>										
43	New area developments with Greenlabel A (%)	20	1, 5	11	Quantitative	nvt	nvt	100%	0%	
44	Projects where initiatives with regards to climate adaptation and biodiversity have been applied (#)	21	1, 5	11	Quantitative	0	10	10	19	
45	Propositions with regards to climate adaptation and biodiversity that have been developed and are to be applied	21	1, 5	11	Qualitative					
46	Showcases - minimum of three per year across the entire company	22	1, 5	11	Qualitative					
<b>Other</b>										
	Score transparency benchmark	-	9, 17	-	Quantitative	12	12	NVT	19	
	% of sustainable timber used	16	1, 4	12	Quantitative	99,3%	98,70%		99,80%	

Explanation/definition	Sources/reference
Number of concept homes delivered in 2021.	Concept-team
Indicator in development	10.2.2 Production technology
Total CO <sub>2</sub> emissions Scope 1+2. SKAO CO <sub>2</sub> performance ladder, GHG protocol.	SAP
Average CO <sub>2</sub> emission of homes delivered in 2020. In kilogrammes CO <sub>2</sub> .	EPC and BENG software
ENCORD Construction Waste Measurement Guide for definitions (including operational waste, no excavations), measured in tonnes.	Sum of data waste service providers
ENCORD Construction Waste Measurement Guide for definitions (including operational waste, no excavations), measured in tonnes.	Sum of data waste service providers
Sustainable reuse is defined as raw material for the generation of green energy. On the basis of waste profile Renewi; incl. quantity Sita and other waste processors. On the basis of tonnage. Landfill waste and plus grey electricity excepted.	Sum of data waste service providers
Percentage of total procurement spend with preferred suppliers with a framework contract with a signed sustainability statement. Purchasing spend combination projects has not been included.	ESIZE
	10.3.2 Materials
	10.3.2 Materials
CPG score GGB homes – concept homes	10.3.2 Materials
CPG score GGB homes – not concept homes	10.3.2 Materials
The technically feasible share of recycled asphalt in the total asphalt. Target is to be able to produce asphalt that consists of 60% recycled asphalt.	10.3.2 Materials
The technically feasible share of recycled concrete in the total concrete. The target is to be able to produce concrete that consists of 30% recycled concrete.	10.3.2 Materials
	10.3.2 Materials
Number of area developments started in the current year with (plans for certification) Greenlabel A/number of area developments started in the current year.	
Projects that involve the application of one or more initiatives that add value to biodiversity or climate adaptation.	
Ranking in the transparency benchmark of the Ministry of Economic Affairs and Climate.	Ministry website
Percentage of sustainably certified timber (FSC/PEFC) in relation to the total timber purchased according to supplier statements.	Procurement spend

### Explanation KPI table:

- Since 2018, Heijmans has used EBITDA as the definition of result.
- Safety: the IF figures for 2021 include combined projects calculated pro rata.
- CO<sub>2</sub> measurement: Heijmans applies the conversion factors taken from the [www.CO2emissiefactoren.nl](http://www.CO2emissiefactoren.nl) website. These are updated every four years in the reporting method that Heijmans uses.
- CO<sub>2</sub> measurement: to measure and report on CO<sub>2</sub> emissions, Heijmans uses the division into scopes of the Green House Gas (GHG) protocol. Scope 1 covers the emissions from fuels we purchase and consume ourselves (mainly gas, petrol and diesel). Scope 2 covers CO<sub>2</sub> emissions resulting from the use of electricity (we do not cause these CO<sub>2</sub> emissions, as they are generated by the power company) and business (air) travel. Scope 3 covers the CO<sub>2</sub> emissions from homes delivered.
- In 2021, the Dutch government introduced new amended legislation (BENG). Both EPC and BENG can be converted to the same indicator (average CO<sub>2</sub> emissions of the delivered home), guaranteeing continuity in measurements.
- CO<sub>2</sub> measurement: the CO<sub>2</sub> emissions amount to 27,995 tonnes, (27,872 of which in scope 1 and 123 of which in scope 2 (incl. business travel km and air travel km)). This includes part compensation for the electricity purchased through the purchase of certificates. Without compensation, emissions would amount to 35,231 tonnes.
- Waste: the amount of residual material reported result from residual material processors. This pertains to the period from January 2021 through November 2021. The December figures have been estimated, as in previous years.
- Waste: the total amount of residual material is a material aspect and is therefore reported in the annual report. It has proven impossible to link this with concrete reduction targets in past years, due to the high level of dependence on the nature of the projects offered (including or excluding demolition). Via its activities in the field of LEAN design and circular construction, Heijmans does target the minimisation of waste and high-grade processing of residual material flows in the design phase. Heijmans also actively targets the reduction of the amount of packaging materials.

## 15.7.5 GRI Standards: general disclosures

<b>GRI Content Index Heijmans – Core</b>			
<b>SRS</b>	<b>Disclosure</b>	<b>Reference</b>	<b>Remark</b>
<b>GRI 102: GENERAL DISCLOSURES 2016</b>			
<b>1. Organizational profile</b>			
102-1	Name of the organization	Title page	
102-2	Activities, brands, products, and services	Profile	
102-3	Location of the organization's headquarters	Organisation and CRO	
102-4	Number of countries operating	Profile	
102-5	Nature of ownership and legal form	Corporate Governance The Heijmans share	
102-6	Markets served	Profile	
102-7	Scale of the reporting organization	Key figures Financial results	
102-8	Information on employees and other workers	Quality of the organisation	Additional divisions are viewed as too detailed in relation to materiality
102-9	Supply chain	Profile Strategy Value creation model	
102-10	Significant changes to the organization and its supply chain	Financial results Foreword Risk management and process improvement	
102-11	Precautionary Principle or approach	Risk management	
102-12	External initiatives	Reporting methodology Human rights Sector organisations	
102-13	Memberships of associations	Collaboration Sector organisations	
<b>2. Strategy</b>			
102-14	Statement from senior decision maker	Foreword	
<b>3. Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behavior	Open corporate culture	
<b>4. Governance</b>			
102-18	Governance structure	Embedding Corporate governance	
<b>5. Stakeholder Engagement</b>			
102-40	List of stakeholder groups	In dialogue with stakeholders Material aspects	
102-41	Collective bargaining agreements	Quality of the organisation	Almost 100% of Heijmans employees are covered by a collective labour agreement
102-42	Identifying and selecting stakeholders	In dialogue with stakeholders	
102-43	Approach to stakeholder engagement	In dialogue with stakeholders	
102-44	Key topics and concerns raised	Material aspects In dialogue with stakeholders	
<b>6. Reporting practice</b>			
102-45	Entities included in the consolidated financial statements	Financial statements Reporting methodology	
102-46	Defining report content and topic Boundaries	Reporting methodology Management Approach overview	
102-47	List of material topics	Material aspects Management Approach overview	
102-48	Restatements of information		There were no significant restatements.
102-49	Changes in reporting	Material aspects	
102-50	Reporting period	Reporting methodology	
102-51	Date of most recent report		19 February 2021
102-52	Reporting cycle	Reporting methodology	
102-53	Contact point for questions regarding the report	Colophon	
102-54	Claims of reporting in accordance with the GRI Standards	Reporting methodology	
102-55	GRI content index	Management Approach overview GRI Standards: general disclosures GRI Standards: specific disclosures	
102-56	External assurance	Reporting methodology Assurance report of the independent auditor	

## 15.7.6 GRI Management Approach overview

### Management Approach

The management approach section describes the most important clustered material aspects, together with two aspects important to Heijmans.

Material aspect	Explanation material aspect	Scope and limitations	Control of processes	Evaluation of processes
<b>Healthy living environment</b>	Heijmans takes into account continuing urbanisation in its construction projects by designing safe and healthy neighbourhoods and road systems. These aspects also play a role in the company's own working environment.	Heijmans has various KPIs linked to this material aspect. From safety figures to absenteeism and more externally focused KPIs, such as CO2 emissions and area-focused sustainability labels.	The ambitions on this front are a part of the regular process of defining the Programme of Requirements and are managed via the processes in the management system.	If the ambitions are stated in the Programme of Requirements, the realisation of same is mostly evaluated and assessed by clients following the completion of the project. The evaluation of more internal KPIs has already been described in the other – more specific – aspects, such as safety in the workplace.
<b>Safety in the workplace</b>	A safe workplace is one of Heijmans' key policy priorities. Employees are one of our most important stakeholders. Moreover, many construction activities are by nature dangerous due to large masses and numerous vehicles.	Heijmans operates exclusively in the Netherlands, which means that Dutch labour legislation governs the creation of a safe and healthy working environment. In addition, subcontractors play a significant role on building sites due to their own responsibility for safety.	Within Heijmans, employees are trained according to SCC methods. Subcontractors are also expected to have SCC or comparable certification. Heijmans also takes physical precautions on building sites to promote safety. Finally, Heijmans has a semi-internal health and safety service (ASC).	Evaluation is part of the SCC system. A range of indicators are also measured by the specific Quality & Safety organisation. KPIs include the number of accidents, subcontractors' SCC certification and the IF.
<b>Building energy-neutral solutions</b>	Heijmans' core competency is the design and construction of objects in the built environment (homes, non-residential structures, infrastructure works, etc.). Heijmans can contribute to the energy transition by using its know-how and expertise to make sure these objects operate in an energy-neutral manner.	Due to the fact that Heijmans is not always responsible for the design, the company is often dependent on a client's tender and ambitions. In addition, not all energy-related objects are comparable (a house uses the most energy once it is complete, a road when it is being built).	There are methods laid down in laws and regulations for the measurement of the energy performance of various objects. Heijmans has a certified system to control and improve its own emissions (SKAO and ISO 14001).	The evaluation of processes is an integral part of the aforementioned SKAO and ISO 14001 management systems. In addition, a performance evaluation is frequently incorporated in the delivery documents as laid down in laws and regulations.
<b>Circular construction</b>	Heijmans reduces the environmental impact of material flows by building with reusable materials and by minimising waste or reusing said materials as efficiently as possible.	Materials are subject to innovation. Functional requirements (strength, bearing capacity) are often limiting factors. The market for waste materials can also be a limiting factor.	Heijmans has reached agreements on the separation of materials at building sites and with processors on how waste is processed. This is monitored on a monthly basis. Heijmans also takes circularity into consideration in the selection of materials and in design.	Heijmans uses an ISO 90001/14001-certified management system to evaluate performance on this front, together with workplace reports.
<b>Climate-adaptive and nature-inclusive construction</b>	Buildings and structures are more than just functional (living working/connecting); they can also make a positive contribution to biodiversity and climate change.	Many design requirements are based on laws and regulations. In addition, Heijmans frequently makes an extra effort to adapt its projects to the natural environment.	Design requirements are included in Programmes of Requirements and then controlled in Heijmans' quality management systems. Heijmans has various sustainability performance measurement methods, depending on the type of building or structure.	Heijmans uses an ISO 90001/14001-certified management system to evaluate performance on this front, as well as specific sustainable construction KPIs.

Material aspect	Explanation material aspect	Scope and limitations	Control of processes	Evaluation of processes
<b>Use of smart technology</b>	Digitalisation and the use of new production technologies are leading trends in the construction industry. Heijmans is responding to this trend with specific programmes for BIM and the development of conceptual building.	Digitalisation will impact the entire construction chain (from sales processes and production processes to management and maintenance processes). New production technology goes beyond robotification to the industrialisation of the construction process.	Heijmans has developed programmes to make progress on the digitalisation front and has drawn up KPIs to measure this progress. In addition to this, Heijmans maximises the integration of these developments in its standard operating processes.	Heijmans uses regular audits of the integrated process within the company's management system to evaluate performance on this front, together with specific KPIs in reports to the Executive Board.
<b>Being financially healthy</b>	Stakeholders have indicated that delivering a good price/quality ratio is essential. This also adds economic value, which in turn provides employment and continuity.	Scope is the Dutch market, in which Heijmans is often dependent on public tenders to win contracts. Many activities are also framed by legislation and regulations.	In its annual report, Heijmans reports extensively on the financial values and management processes within Heijmans related to economic performance.	Evaluation by internal audit, external auditor, annual reporting and reporting to AGM.
<b>Reduction of CO<sub>2</sub> emissions from own operations</b>	Heijmans takes measures to minimise the CO <sub>2</sub> footprint of its own operations.	The measures Heijmans takes to reduce CO <sub>2</sub> emissions focus on scope 1 and scope 2 emissions. Heijmans does take measures to influence scope 3 emissions, for instance via its sustainable procurement policy.	Clients and the government have expressed a desire for more sustainability. Heijmans expresses this in targets for our own business operations and those of our chain partners.	Heijmans uses ISO 90001/14001-certified management systems to evaluate performance on this front.

## 15.7.7 GRI Standards: specific disclosures

GRI Content Index Heijmans – Core			
SRS	Disclosure	Reference	Remark
<b>Topic Specific Standards</b>			
<b>1. Healthy environment</b>			
Heijmans	Homes delivered with nil remaining points (%)	KPI table	
<b>2. Safety in the workplace (GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018)</b>			
403-1	Occupational health and safety management system	Improve: Safety is key Improve: Vitality	
403-2	Hazard identification, risk assessment, and incident investigation	Better: Safety is key	Heijmans has an extensive system for risk assessment and evaluation. It also has a digital reporting system (GO! app) and extensive follow-up mechanisms.
403-3	Occupational health services	Better: Safety is key	Heijmans has an own Health & Safety Service Centre, which offers support such as consultations with a company physician and health examinations.
403-4	Worker participation, consultation, and communication on occupational health and safety	Better: Safety is key	Heijmans has appointed prevention officers from within the organisation, in consultation with the Works Council, and also has an active Safety, Health, Welfare and Environment committee.
403-5	Worker training on occupational health and safety		
403-6	Promotion of worker health	Better: Knowledge sharing	Heijmans operates exclusively in the Netherlands, where the entire population has access to high-quality healthcare through mandatory basic health insurance.
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Better: Safety is key	
403-9	Work related injuries	Better: Virtual reality training	
<b>3. Building energy-neutral solutions</b>			
Heijmans	Average CO <sub>2</sub> emissions of homes delivered	KPI table	
<b>4. Circular construction (GRI 306: WASTE 2020)</b>			
306-1	Waste generation and significant waste-related impacts		Heijmans purchases raw materials and materials (e.g., concrete, steel, wood and asphalt) that are used in building a healthy living environment. During construction, we generate residual materials such as plastic packaging, wood from saw and cut losses and a surplus of building materials.
306-2	Management of significant waste-related impacts	Sustainable: Materials KPI table	Heijmans reduces the generation of residual materials by curbing packaging material with chain partners, separating waste flows and prefabricating more buildings in a controlled environment. We receive our data on the amount of residual materials generated from certified waste processors in monthly reports.
306-3	Waste generated	Sustainable: Materials KPI table	In 2021, Heijmans disposed of 25,197 tonnes of residual materials. The most common waste flows are industrial waste (784), BSA (4,554), rubble (11,217), paper (203), wood (2,280), scrap metal (2,766), plastic (71) and other (3,323).
<b>5. Climate-adaptive and nature-inclusive construction</b>			
Heijmans	New area development with Greenlabel A (%)	KPI table	
Heijmans	Projects to which initiatives regarding climate adaptation and biodiversity have been applied (#)	KPI table	
<b>6. Use of smart technology</b>			
Heijmans	New data-driven services successfully launched on the market (#)	Smarter: Digitalisation KPI table	



## 15.7.8 Taxonomy statement

As a stock exchange listed company in the Netherlands, Heijmans is subject to new European legislation on the classification of sustainable activities. Following the introduction of this legislation, listed companies have to provide information on what part of their economic activity can be classified as an activity that makes a substantial contribution to the mitigation of climate change and to determine whether that economic activity does no significant harm to one of the other environmental objectives. Last year, we looked at two themes, namely climate adaptation and climate mitigation. This year, we will add four other objectives and we will also indicate what part of our revenue/CapEx/OpEx that is eligible also actually meets the criteria as described in the new legislation and is therefore also aligned.

### Process

Heijmans' current activities are categorised per business area according to the so-called NACE codes. These are then compared with the technical screening criteria indicated in the taxonomy. We then conduct interviews with those responsible in the business and the revenues in the business areas are divided into the categories given in the taxonomy. This gives us the percentage of our business activities per business area that could potentially contribute to the climate objectives. For our CapEx and OpEx data, we looked at investments and expenses at holding company level. The results of this process are presented in the table below. You will find a more detailed explanation of the percentages below the table.

	Revenue	CapEx	OpEx
<b>Activities eligible for the taxonomy</b>	82%	74%	72%
<b>Activities not eligible for the taxonomy</b>	18%	26%	28%
<b>Total</b>	100%	100%	100%
<b>Totaal € mln.</b>	<b>1,748</b>	<b>40</b>	<b>110</b>

The EU Taxonomy is a new law that is still open to interpretation on a number of fronts. Heijmans has assessed the taxonomy and we explain the application, estimates and assumptions in more detail in this section. Any newly issued guidance may in the future result in the publication of more accurate definitions of these aspects. This could have an impact on our future EU Taxonomy disclosures.

It is not yet clear whether a small percentage of our revenue (around 7%) is eligible (see explanation per sector). This has been included in the table as non-eligible.

### Revenue

Heijmans has assessed the activities of the Group for activities eligible for the taxonomy. We then determined the revenue for the eligible activities. These form the numerator for the determination of the above-mentioned percentages. Total revenue (the denominator) corresponds with the revenue reported in the Group's consolidated financial statements (see Financial statements 1. Statement of income).

For Heijmans Property development, we included the total revenue, including the revenue of the sales of land holdings. We did this because while the activity is not 'project development' per se, the goal of the sale is in fact project development.

For Heijmans Infra, we included the revenues from the regional road building activities and the volumes of these works from Integrated Regional Projects and Central Projects. The exception to this was the revenue from airports. The taxonomy only considers the laying of take-off and landing runways as eligible. The maintenance activities we carry out on take-off and landing runways has therefore not been included as eligible. It should be noted that the revenue from airports was relatively high in 2021, so this makes up a large portion of the non-eligible revenue.

The specialist revenues from Road, Ground, Civil and Systems-related activities have been included insofar as they were working as subcontractors for Heijmans projects. The revenue for third parties was not included, as it was not always clear whether the end goal of the project in question was eligible.

We have included the total revenue of Heijmans Non-residential building, with the exception of the work for airports, for the same reasons as the excluded Infra activities. We estimated that 90% of the revenue from Heijmans Non-residential Services is from existing properties and 10% is from new properties.

We included the total revenues of Heijmans Energy's activities.

## CapEx

Total CapEx (the denominator) consist of the sum of the additions to fixed assets (property, plant and equipment; see Financial statements 6.9 Fixed assets) and the additions to right of use leased assets (see Financial statements 6.10 Leases). We determined per addition which Group sector these investments were for. Insofar as the activities of the sectors in question were eligible for the taxonomy, the related CapEx (the numerator) were also qualified as eligible.

## OpEx

Total OpEx (the denominator) consist primarily of the following items:

- Short-term leases (see Financial statements 6.10 Leases)
- Research and development costs (see Financial statements 6.4 Personnel expenses, depreciation and research and development costs)

OpEx also include costs related to maintenance and repairs and all other direct expenses related to daily maintenance of fixed assets by Heijmans or by third parties to whom we outsource activities required for the continuous and effective operation of such assets.

We determined which costs were incurred for which sectors. Insofar as the activities of the sectors in question were eligible for the taxonomy, the related OpEx (the numerator) were also qualified as eligible.

## 15.7.9 EU Directive Non-Financial Information and Diversity information reference table

Topic	Subtopic	Included (yes/no)	
Business model		Yes	Profile and Value creation model
Relevant social and personnel matters (e.g. HR, safety etc.)	A description of the policies pursued, including due diligence.	Yes	Value creation model and Strategy
	The outcome of those policies.	Yes	Strategy
	Principle risks in own operations and within value chain.	Yes	Risk management
	How risks are managed.	Yes	Risk management
	Non-financial key performance indicators.	Yes	Strategy and KPI table
Relevant Environmental matters (e.g. climate-related impacts)	A description of the policies pursued, including due diligence.	Yes	Strategy
	The outcome of those policies.	Yes	Strategy
	Principle risks in own operations and within value chain.	Yes	Risk management and Strategy
	How risks are managed.	Yes	Risk management and Strategy
	Non-financial key performance indicators.	Yes	Strategy and KPI table
Relevant matters with respect for human rights (e.g. labour protection)	A description of the policies pursued, including due diligence.	Yes	Strategy and Human rights
	The outcome of those policies.	Yes	Strategy and Human rights
	Principle risks in own operations and within value chain.	Yes	Strategy, Human rights and Risk management
	How risks are managed.	Yes	Strategy, Human rights and Risk management
	Non-financial key performance indicators.	Yes	Strategy, Human rights and Risk management
Relevant matters with respect to anti-corruption and bribery	A description of the policies pursued, including due diligence.	Yes	Corporate Governance and Conduct and integrity
	anti-corruption and bribery	Yes	Corporate Governance and Conduct and integrity
	Principle risks in own operations and within value chain.	Yes	Corporate Governance and Conduct and integrity
	How risks are managed.	Yes	Corporate Governance and Conduct and integrity
	Non-financial key performance indicators.	No	Corporate Governance and Conduct and integrity
Insight into the diversity (executive board and the supervisory board)	A description of the policies pursued.	Yes	Strategy and direct reference to the 2019 Corporate Governance statement on Heijmans' website
	Insight into the diversity (executive board and the supervisory board)	Yes	Strategy and direct reference to the 2019 Corporate Governance statement on Heijmans' website
	Description of how the policy is implemented	Yes	Strategy
	Results of the diversity policy	Yes	Strategy

## 15.7.10 Sustainable Development Goals (SDG's)

Chapter 9 includes a description of the process used to arrive at the most relevant SDGs for Heijmans. In this appendix, we describe these goals and the most significant sub-goals and indicate the role Heijmans plays in contributing to the achievement of these goals in order to have an impact. The KPI table in appendix 15.7.4 shows which SDGs are linked to specific KPIs to manage results and progress.

### The top SDGs for Heijmans:

1. SDG 7. Affordable and clean energy
2. SDG 8. Decent work and economic growth
3. SDG 9. Industry, innovation and infrastructure
4. SDG 11. Sustainable cities and communities
5. SDG 12. Responsible consumption and production



## Top-5 SDG's



## 7 AFFORDABLE AND CLEAN ENERGY



Ensure access to affordable, reliable, sustainable and modern energy for all

#	SDG sub-goal	Description of Heijmans' role
7.2	By 2030, increase substantially the share of renewable energy in the overall energy mix.	<p>Heijmans contributes to increasing the share of renewable energy by fitting homes with sustainable energy sources and building energy-generating homes.</p> <ul style="list-style-type: none"> <li>• Energy-neutral homes</li> <li>• Solar panels</li> <li>• Circular/sustainable homes</li> </ul> <p>We are also improving the sustainability of our own buildings, car fleet and equipment, including via the following measures:</p> <ul style="list-style-type: none"> <li>• Solar panels on roofs and sheds</li> <li>• Incentives for the use of electric cars</li> <li>• Electric equipment</li> </ul>
7.3	By 2030, double the global rate of improvement in energy efficiency.	<p>Heijmans contributes to the improvement of energy efficiency by striving for zero energy wastage in any form whatsoever, and by cooperating at neighbourhood level on the creation of sustainable and more efficient energy solutions.</p> <ul style="list-style-type: none"> <li>• Energy grids/local solutions</li> <li>• Energy-efficient homes</li> </ul>

**8** DECENT WORK AND ECONOMIC GROWTH


## Promote continued, inclusive and sustainable economic growth, full and productive employment and decent work for all

#	SDG sub-goal	Description of Heijmans' role
8.2	Achieve higher levels of economic productivity through diversification, technological modernisation and innovation, also by focusing on sectors with high added value and labour-intensive sectors.	Heijmans generates economic productivity in the construction industry through its own operations and by setting an example in terms of innovation, digitalisation and technological modernisation. <ul style="list-style-type: none"> <li>• Digitalisation</li> <li>• Industrialisation</li> <li>• Production technology</li> </ul>
8.8	Protect labour rights and promote safe and healthy working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	Heijmans ensures safe and healthy working environments for employees, subcontractors and other parties. Heijmans also provides an inspiring and motivating workplace that keeps employees engaged. <ul style="list-style-type: none"> <li>• Safety</li> <li>• Training and development of employees</li> <li>• Engagement of employees</li> <li>• Code of conduct</li> </ul>

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE


## Build resilient infrastructure, promote inclusive and sustainable industrialisation and stimulate innovation

#	SDG sub-goal	Description of Heijmans' role
9.1	Build high-quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.	Heijmans develops high-quality infrastructure that is reliable, sustainable and resilient.
9.4	By 2030, modernise infrastructure and retrofit industries to make them sustainable, with increased efficiency in the use of resource and greater adoption of cleaner and environment-friendly technologies and industrial processes, with all countries taking the action required according to their respective capabilities.	Heijmans plays a role in the modernisation and increased sustainability of infrastructure as the 'director of the construction chain'. <ul style="list-style-type: none"> <li>• Circular construction</li> <li>• Chain partner</li> <li>• Environment-friendly technologies.</li> <li>• Ambition building without emissions</li> </ul>

**11** SUSTAINABLE CITIES  
AND COMMUNITIES

**Make cities inclusive, safe, resilient and sustainable**

#	SDG sub-goal	Description of Heijmans' role
11.1	By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.	<p>Heijmans contributes to adequate, safe and affordable housing by developing various residential concepts and increasing the availability of homes in the Netherlands.</p> <ul style="list-style-type: none"> <li>• Sufficient homes</li> <li>• High-quality homes</li> <li>• Affordable homes</li> <li>• Conceptual construction</li> </ul>
11.3	By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.	<p>Heijmans develops sustainable (urban) areas, while devoting attention to the needs of end-users and trends and developments.</p> <ul style="list-style-type: none"> <li>• High-quality living environment</li> <li>• Urbanisation</li> <li>• Circularity of homes</li> <li>• Local energy networks</li> <li>• Climate adaptation and biodiversity</li> <li>• Blue - Green</li> </ul>

**12** RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION

**Ensure sustainable consumption and production patterns**

#	SDG sub-goal	Description of Heijmans' role
12.2	By 2030, achieve the sustainable management and efficient use of natural resources.	<p>Heijmans contributes to the sustainable management and efficient use of natural resources via its own business operations.</p> <ul style="list-style-type: none"> <li>• Sustainable procurement of natural resources</li> <li>• Reduction of CO<sub>2</sub> emissions</li> <li>• Efficient use of natural resources in the products/services Heijmans delivers</li> </ul>
12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	<p>Heijmans limits its own waste production via prevention, reduction, recycling and reuse.</p> <ul style="list-style-type: none"> <li>• Separation of residual materials at building sites</li> <li>• Reuse of residual materials after removal</li> <li>• 100% reuse of packaging</li> </ul>

## 15.7.11 Table of climate-related risks and opportunities

Type	Aspect	#	Climate-related RISKS	Relevance to Heijmans
Transition	Policy and legal	1	Increased pricing of GHG emissions	<b>M:</b> Will eventually be visible in the charging on of purchased products
		2	Enhanced emissions reporting obligations	<b>M:</b> Heijmans already reports in line with standards
		3	Increasing regulation aimed at limiting GHG emissions	<b>H:</b> Directly visible in the purchase of new equipment and additional requirements of local authorities in building projects
		4	Mandates on and regulation of existing products and services	<b>M:</b> Part of regular tenders
		5	Exposure to litigation	<b>L:</b> Heijmans is one of the leaders, which reduces risks
	Technology	6	Substitution of existing products and services with lower-emission options	<b>L:</b> New technologies are already part of our designs
		7	Unsuccessful investment in new technologies	<b>M:</b> Heijmans wants to be a trendsetter in the purchase of equipment. Part of our investment monitoring
		8	Costs to transition to lower emissions technology	<b>H:</b> Emission-free building requires relatively high investment in new equipment. However, not all new equipment is available in emission-free version
	Market	9	Changing customer behaviour	<b>L:</b> Heijmans is able to respond to changing demand
		10	Uncertainty in market signals	<b>L:</b> Concerted pressure from public sector market
		11	Increased cost of raw materials	<b>H:</b> Largely due to charging on of CO <sub>2</sub> pricing
		12	Declining availability of raw materials	<b>M:</b> Not related to climate risks per se
	Reputation	13	Shifts in consumer preferences	<b>L:</b> Heijmans' designs can meet market demands
		14	Stigmatisation of sector	<b>L:</b> Numerous visible initiatives
		15	Increased stakeholder concern or negative stakeholder feedback	<b>L:</b> Good contact with stakeholders
Physical	Acute	16	Extreme water levels rivers	<b>M:</b> Previous situations handled logistically, although potential price risks and higher insurance costs
		17	Increase in heavy rainfall	<b>M:</b> Water damage to buildings and/or structures still relatively limited, but does affect the building process
		18	Increasing heat waves	<b>M:</b> Relevant to deployability of employees and the continuity of projects
		19	Increase in the number of forest fires	<b>L:</b> More relevant in nature areas
		20	Increasing winds and storms	<b>M:</b> Damage to building sites and buildings from strong winds
	Chronic	21	Changes in precipitation patterns and extreme variability in weather patterns	<b>L:</b> Measures often possible in long term
		22	Rising sea levels	<b>L:</b> Permit granting for construction in certain areas
		23	Rising mean temperatures	<b>L:</b> Measures possible in design and required by law
		24	Changes in eco-systems (including biodiversity)	<b>L:</b> No relevant impact on direct business operations, although it does create opportunity for services. Rise of stubborn exotic species.



Type	#	Climate-related OPPORTUNITIES	Relevance to Heijmans
Efficient use of resources	1	Use of more efficient modes of transport and production and distribution processes	<b>M:</b> Attention for industrialisation and sustainable mobility
	2	Use of recycling	<b>M:</b> Great deal of attention in talks with suppliers
	3	Move to more efficient buildings	<b>H:</b> Essential part of design of new buildings and renovation of existing buildings
	4	Reduced water usage and consumption	<b>L:</b> So far less relevant in Dutch context
Energy sources	5	Use of lower-emission sources of energy	<b>H:</b> Application of products and services in the built environment, such as development of electricity grids and underground infrastructure
	6	Use of supportive policy incentives	<b>M:</b> Part of business case
	7	Use of new technologies	<b>M:</b> Standardisation of use of water pump technology and alternative services
	8	Participation in carbon market	<b>L:</b> Still no business models that can convert energy savings into CO <sub>2</sub> credits
	9	Shift toward decentralised energy generation	<b>H:</b> Many solutions available for individual homes neighbourhood clusters
Products and services	10	Development and/or expansion of low-emission goods and services	<b>H:</b> Both in the design of homes and buildings and in energy supply. Opportunities from expansion of networks (electricity, hydrogen)
	11	Development of climate adaptation and insurance risk solutions	<b>H:</b> Mainly in the construction of dykes and changes to inner city sewage systems and water storage
	12	Development of new products or services through R&D and innovation	<b>M:</b> Heijmans is more of a system integrator and launching customer than innovator
	13	Ability to diversify business activities	<b>M:</b> Frequent expansion of existing products and services
	14	Shift in consumer preferences	<b>H:</b> Possibility of offering clients sustainable solutions
Markets	15	Access to new markets	<b>H:</b> Mainly in the energy market
	16	Use of public-sector incentives	<b>H:</b> Contribution to investments in sustainable equipment and sustainable energy systems, often also indirect (renovation)
Resilience	17	Participation in renewable energy programmes and adoption of energy-efficiency measures	<b>H:</b> Various participations (see also Green Deals and collaborative initiatives)
	18	Resource substitutes/diversification	<b>M:</b> Mainly in the renovation market switch from gas to electricity
	19	Green financing	<b>M:</b> There are possibilities, but not a decisive factor in the business case

## CLIMATE RISKS AND OPPORTUNITIES



## 15.7.12 Human rights

Companies can have a direct and indirect impact on human rights in the Netherlands and the rest of the world via their operations. Heijmans endorses the general premises of the OECD Guidelines on Multinational Enterprises and the UN's Guiding Principles on Business & Human Rights. These describe the exceptional obligation of companies to comply with all relevant legislation, to respect human rights. Heijmans recognises that it can also have a positive impact, for example by drawing up fair collective labour agreements, procuring sustainable materials, and collaborating with partners that adhere to these same principles.

A significant proportion of the human rights aspects that are relevant to Heijmans apply to the entire construction sector. A significant risk-limiting factor is the fact that Heijmans does not carry out any construction activities outside the Netherlands. However, the supply chain is exposed to such risks.

Many of the aspects related to the theme of human rights receive daily attention from management and are a standard part of the active management of Heijmans' safety, HR and the procurement policies. This involves issues such as safeguarding healthy working conditions, freedom of association (trade unions), applying fair and equal pay policies, and taking into consideration sustainability aspects in procurement. In addition, Heijmans has a code of conduct, 'Zó werken wij' (this is how we work). These attitude and conduct rules are based on a number of basic human rights principles and are an integral part of the employment contracts of all Heijmans employees. In addition, Heijmans has various reporting mechanisms and a whistle blower scheme. The implementation of actions Heijmans has undertaken pursuant to the Dutch Act on Sham Employment Arrangements (Wet Aanpak Schijnconstructies - WAS) also play a role on this front. Heijmans offers internal and external stakeholders the opportunity to report any infringements in the chain, for instance via our whistle blower scheme. This is how Heijmans discharges its responsibility throughout the chain.

Chain responsibility requires a material analysis of the risks associated with the procured products and a discussion with stakeholders on the reach and depth of monitoring. Heijmans involves its suppliers and subcontractors in this dialogue and they each sign a statement (suppliers sustainability statement) to the effect that they respect human rights. Human rights are an integral part of Heijmans' Sustainable procurement policy and the

account management aimed at ensuring compliance with purchasing agreements.

A part of this risk is hedged by buying certified products from certified suppliers. One example of this is the measure we have taken to purchase only sustainably certified timber, and we have an external monitoring system to safeguard both environmental aspects and social/human rights aspects.

## 15.7.13 Fiscal policy

### Introduction

In this section, Heijmans explains its policy with respect to taxes. Heijmans believes that transparency with respect to its fiscal position and a reasonable application of fiscal laws and regulations are appropriate in the context of the governing codes of conduct within Heijmans. Heijmans asks all of its employees to always comply with fiscal laws and regulations and to always act in line with our code of conduct, as described in section 13.3. If Heijmans employees are confronted with fiscal dilemmas in the performance of their work, this is also subject to the internal reporting procedure described in section 13.3.

The Executive Board considers taxes (and that means all the taxes we are faced with at Heijmans) as an important topic, both for Heijmans itself and its stakeholders, and believes that a consistent and responsible approach to all relevant fiscal matters is a part of corporate social responsibility. On the basis of Heijmans' group policy, approved by the Executive Board, the Fiscal Affairs department is responsible for the execution and promotion of the tax policy within the organisation. In the performance of its tasks, the Fiscal Affairs department maintains regular contact with other departments within the organisation (such as the Shared Service Centre, the procurement department, HR department and Fleet management). The Fiscal Affairs department defines the fiscal strategy and the related fiscal policy and provides the Executive Board with advice and support on fiscal matters.

Heijmans fiscal policy is expressed in the Fiscal Guidelines applicable within the group. These Fiscal Guidelines are part of the accounting manual that is available in a digital format to every employee involved in the application of fiscal laws and regulations. The Fiscal Affairs department communicates the tax policy within Heijmans and informs the employees involved regarding any new laws and regulations. To safeguard

the correct application of fiscal laws and regulations and to supervise the execution of the fiscal policy, the Fiscal Affairs department (with or without the help of external parties) conducts periodic audits. In addition to this, the Fiscal Affairs department organises courses for the employees involved if this proves necessary and/or desirable.

Twice a year, the Fiscal Affairs department informs the audit and risk committee regarding Heijmans' overall fiscal position and other relevant fiscal matters.

### **Relationship with the tax authorities**

Heijmans believes that transparency is part of corporate social responsibility, which is part of the sustainability information in the financial statements and audited by the independent auditor. This means Heijmans always operates with full transparency vis-à-vis the Dutch Tax Authorities (Belastingdienst) and always shares all facts clearly and completely with said Tax Authorities. This also applies to the intended fiscal outcome of any potential points of discussion.

In January 2020, the Tax Authorities informed Heijmans about the decision of the Tax Authorities to change the structure of the horizontal supervision for the 100 largest and most complex organisations of the Netherlands from 2020. This takes the shape of an annual individual supervision plan (Individueel Toezichtsplan – ITP), which replaces the existing covenant between the Tax Authorities and Heijmans. Both the Tax Authorities and Heijmans attach great importance to a working relationship with attention for each other's interests, transparency and constructive communications. The Tax Authorities sent the ITP to Heijmans in early 2021. The ITP is a constantly evolving document that can be amended to the latest circumstances at any time. In the course of 2021, Heijmans was in periodic and regular contact with the Tax Authorities, both on an informal and a formal basis. In these discussions, Heijmans shared with the Tax Authorities how Heijmans addresses its fiscal risks and the control measures Heijmans takes to limit these risks. In January 2022, Heijmans and the Tax Authorities agreed on the objectives for 2022.

### **Fiscal planning**

National tax laws, international treaties and known jurisprudence lay down which income is taxed and which costs are deductible. Individual taxable entities have no choice in this. Heijmans puts a high priority on compliance with laws and regulations and applies these rules fairly in its business operations. Heijmans prefers to avoid aggressive and/or fiscally driven transactions and

therefore chooses not to test the boundaries of what is permissible. The fair application of laws, regulations and jurisprudence is explicitly not aimed at artificially reducing the effective tax rate.

A term such as 'fair application of the law' is obviously always open to discussion. Because what one considers fair does not go far enough for another. Heijmans will take into consideration prevailing laws and regulations and existing jurisprudence when making definitive fiscal choices that involve potential discussion points and consult with the Tax Authorities in advance if it deems this necessary.

Heijmans is frequently involved in alliances and complex projects that may result in complex financial transactions. These projects and/or transactions may be difficult to comprehend and the fiscal consequences can be substantial for the parties involved, depending on the interpretation of certain facts. In these projects or transactions, Heijmans' policy is to always act in line with the purpose or spirit of the prevailing fiscal legislation. This means therefore that certain legally intended fiscal benefits are realised in such projects and/or transactions. However, Heijmans will not cooperate in transactions with the purpose of realising tax savings that are contrary to fiscal regulations.

### **Policy with respect to principals and/or subcontractors**

Heijmans believes that its principals and/or subcontractors are responsible for their fiscal decisions. We expect our principals and/or subcontractors to act in an ethical manner. Heijmans will never consciously cooperate in the setting up of fiscal structures that are contrary to the purpose and spirit of the law to realise fiscal savings.

### **What is Heijmans' position in the discussion regarding the tax policy of multinationals?**

Heijmans is not operationally active in any developing countries and/or countries with favourable tax rates. Heijmans therefore has no fiscal structures via developing countries and/or countries with favourable tax rates that reduce the tax it pays. Moreover, Heijmans has no artificial or abnormal construction to reduce its effective tax rate and/or to evade taxes. In view of the above, Heijmans considers its fiscal risk as moderate.

Heijmans recognises the importance of open and constructive discussion of tax ethics. Current laws and regulations and generally applicable and accepted principles of international tax law should be the basic premise in this discussion. Heijmans believes that transparent communications, consideration for the intent

of the legislator and a consistent application of the current tax policy should form the basis for this public discussion.

Heijmans occasionally signs tax settlement agreements with the Tax Authorities to obtain assurance in advance on certain specific positions. However, Heijmans has not closed any long-term tax rulings with the Tax Authorities regarding the allocation of certain income and/or costs.

#### **Tax rate (income tax)**

The tax rate as shown in Heijmans' financial statements only refers to income tax, including Dutch corporate income tax. The nominal tax rate in the Netherlands is 25% (in 2021). In the first half of 2017, Heijmans sold its operational activities in Belgium and Germany. The remaining entities in Belgium and Germany are so-called sleeping entities that generate virtually no profit. The income tax referred to in the financial statements therefore pertains almost exclusively to Dutch income tax. Fiscal profits result in the payment of income tax. Fiscal losses also have value provided certain conditions are met. These losses can be offset against fiscal profits from other years. In some instances, tax losses therefore may result in an asset. This asset is, in principle, recognised in Heijmans' statement of financial position. Heijmans incurred such losses in previous years, which can be offset against future profits.

#### **Explanation corporate income tax**

Heijmans' financial statements are drawn up in line with IFRS. However, there are numerous differences between IFRS accounting principles and local tax regulations that apply to the calculation of the fiscal result. The differences between the various principles clearly have a significant impact on the income taxes Heijmans is liable to pay.

These rules are often prescribed and it is therefore not possible for a taxable entity to make choices in this regard. For instance, certain types of income are tax exempt under local fiscal legislation. And there are also operating expenses that are not tax-deductible. Heijmans aims for full transparency and therefore explains its tax position extensively in its financial statements. The profit shown in Heijmans' annual financial statements relates to all activities of the group (including therefore its foreign activities). Heijmans files income tax statements in all the countries where it has operations. The fiscal policy premises are the same in all these countries.

#### **Other taxes**

The effective tax rate included in the financial statements pertains only to corporate income taxes. In addition to corporate income tax, Heijmans also pays other taxes, such as payroll tax, property transfer tax, value added tax (turnover tax), insurance premium tax and various municipal taxes.

Heijmans has virtually no activities that are exempt from value added tax. This means that virtually all input tax can be settled against the value added tax Heijmans is due to pay. The amount of value added tax that cannot be offset is therefore very small.

#### **Fiscal risk control**

Heijmans has to have a clear picture of its fiscal position, including any risks, at all times. This is primarily the responsibility of the Fiscal Affairs department.

We distinguish between various fiscal risk, such as:

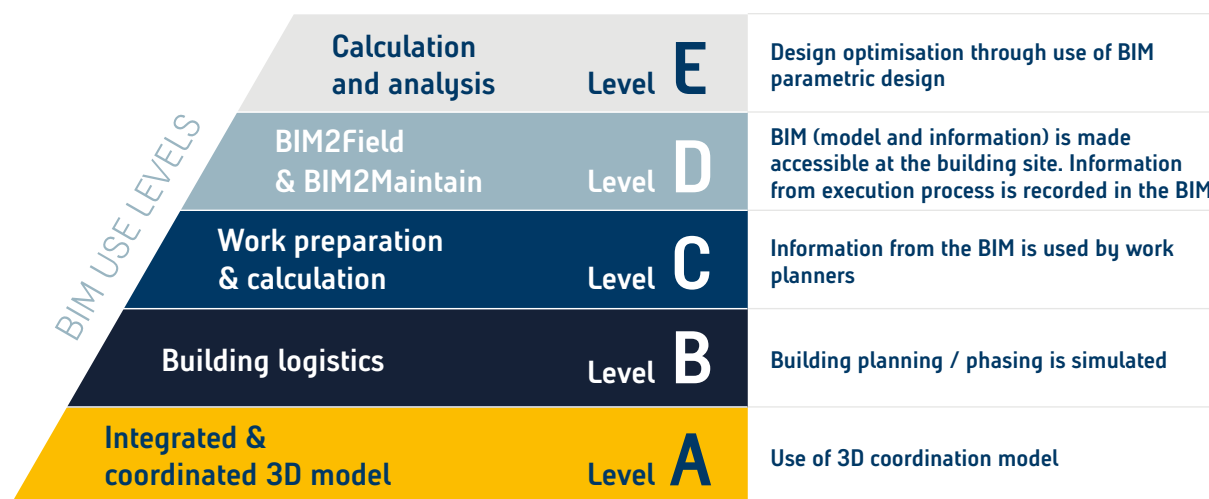
- Political and policy-related risks: external developments on legislative or policy-related fronts can result in unexpected tax payments.
- Business risks: the design of the business model may create or increase risks.
- Annual reporting risk: inaccuracies in the calculation of our fiscal position may result in an incorrect or incomplete picture.

Fiscal Affairs controls Heijmans' fiscal position and any risks by, among other things:

- Conducting frequent, structured consultations with the CFO and the financial managers of the business units.
- Drawing up and controlling a Tax Control Framework and a risk matrix per type of tax.
- Helping to optimise business and fiscal processes, including the use of automation software where possible.
- Remaining strongly and permanently involved in the annual reporting.
- Continuous education of employees, especially financial employees, among other things by offering internal training courses and by proactively sharing policy-related or legislative developments in the fiscal front.

## 15.7.14 Heijmans BIM-ladder

Heijmans has defined five levels with respect to the application of the Building Information Model (BIM):



It is possible to achieve five stars per level. These define in concrete terms which BIM activities or output should be delivered, in line with the desired ambition level.

### Ambition level A

- 1-star: Presence of 3D Model of all (minimum of four) design disciplines through DO phase (geometry)
- 2-star: Presence of Integrated Model of all design disciplines through UO phase, with information according to BIM specifications
- 3-star: Presence of a minimum of three production models
- 4-star: Use of Common Data Environment (CDE)
- 5-star: each separate object has an owner

### Ambition level B

- 1-star: Building site design is part of the Integrated Model
- 2-star: (A part of) the construction phasing is simulated
- 3-star: (A part of) the execution process is simulated
- 4-star: Information for logistics processes is derived from the Integrated Model and/or the COE
- 5-star: use of scenario analyses for the optimisation of the execution process

### Ambition level C

- 1-star: Quantity of values extracted from the Integrated Model in an automated fashion for calculation and/or procurement
- 2-star: Information from the Integrated Model is used for work planning
- 3-star: Information from work planning is added to the Integrated Model

4-star: The Integrated Model comprises a minimum of four production models

5-star: Asset information is derived from the Integrated Model

### Ambition level D

- 1-star: The Integrated Model and any extracts are available at the building site via Mobile Devices
- 2-star: Application of Digital Approval
- 3-star: Execution records As-Built information (geometric and object features) in the Integrated Model
- 4-star: Automatic (or semi-automatic) monitoring via the likes of laser scans/images
- 5-star: The Integrated Model generates task-oriented execution information

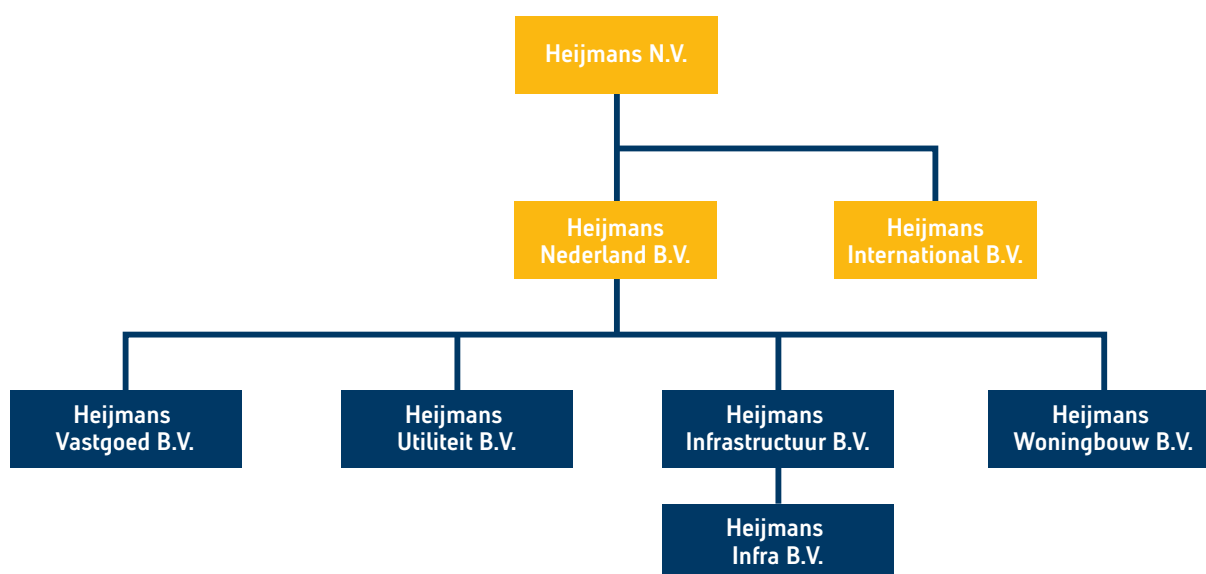
### Ambition level E

- 1-star: Requirements are verified using the Integrated Model
- 2-star: Application of design calculations or simulation based on the 3D model
- 3-star: 3D models are created parametrically (minimum of three components)
- 4-star: Minimum of two external information sources regarding the user phase of the system (for instance, a building, tunnel, object, etc.) are linked to objects in the Integrated Model
- 5-star: Digital Twin 2.0; the Integrated Model is part of a comprehensive information system that manages information exchange and building controls

### 15.7.15 Heijmans bold statements

1. We will not be satisfied until we record 0 accidents
2. IF < 1 in 2023
3. In 2023, the entire organisation will have reached step four on the Safety Ladder
4. In 2023, we are predictable because all larger projects (categories 2 and 3) end within the initial bandwidth.
5. In 2023, all projects make a positive contribution to our profit.
6. We reduce the number of colleagues that leave at their own request by 50% each year.
7. We reduce the costs associated with absenteeism by 5% each year.
8. In 2021, we have a higher employee engagement score than in 2019.
9. All the projects we work on will have a digital twin in 2023.
10. We launch five new data-driven services in the market each year.
11. The number of subscriptions based on data-driven services in the in-use phase increases by 50% each year.
12. In 2025, we will have transferred 50% of our hours - compared with 2020 - from on-site to off-site.
13. From 2023, Heijmans is CO<sub>2</sub> neutral. Any residual value is offset.
14. In 2023, we can produce emissions-free, and in 2030 we do so on all our projects.
15. In 2023, we can deliver 100% energy-neutral solutions for our clients.
16. All our quotes include a calculation of the environmental performance. In 2023, we will include that as standard in all our quotes to clients.
17. In 2021, all packaging in our construction projects will be 100% reusable or recyclable.
18. In 2023, all the houses we deliver to our customers will be 100% circular. In 2030, this will also apply to apartment buildings.
19. In 2023, we will use circular asphalt and concrete; in 2030, we will build 100% of our projects using these materials.
20. From 2020, all our new area developments are awarded a Greenlabel A rating.
21. In 2023, all our interventions in the built environment result in an improvement in local biodiversity, climate adaptation and safety.
22. We apply our latest solutions in three project each year, and these will then become new showcases of a healthy living environment.

### 15.7.16 Overview legal structure



## Glossary

### Beyond Eyes

A joint Heijmans and CSU initiative. A collection of data-driven services for smart building management: BE Equipped, BE Vital, BE Energized, BE Clean and BE Safe.

### BENG standards

Standards that set the criteria for the energy performance of a building and express this performance on the basis of three indicators: energy requirements, primary energy use and share of renewable energy.

### Building circularity index (Losmaakbaarheidsindex - LI)

Method used to measure the circularity of a building or design in order to assess the circularity of various designs.

### Building Information Model (BIM)

A single central, digital platform that combines all relevant information during the construction process and that is used by all the parties involved to arrive at a single interpretation and enables the smooth running of the construction process. This results in a digital (3D) model of what will be realised.

### BREEAM-score

Building Research Establishment Environmental Assessment Method. BREEAM-NL has been the standard certification method for a sustainable built environment since 2009. This method can be used to assess projects for overall sustainability.

### Carbon Disclosure Project (CDP)

The CDP is a UK-based organisation that supports businesses and cities in the publication of the environmental impact of major companies. The CDP wants to make environmental reporting and risk management standard and stimulates insight into and action for a sustainable economy.

### Chain integration

Cooperation within and between the successive links within an organisation or business column, from suppliers right through to the client.

### Climate adaptation

Climate adaptation combats the effects of climate change and could help the Netherlands become resistant to climate change. Adaptation is made possible by setting climate buffers.

### CO<sub>2</sub>-credits

A CO<sub>2</sub> credit is a tradeable unit an organisation can use to offset its own CO<sub>2</sub> emissions by reducing CO<sub>2</sub> emissions elsewhere.

### CO<sub>2</sub> emissions

CO<sub>2</sub> (carbon dioxide) emissions measured over a certain period.

### Custodians

Financial parties that hold shares.

### DBFMO-contract

DBFMO stands for Design, Build, Finance, Maintain and Operate, a type of contract where the contractor is responsible for both the design and building of the project, as well as financing and total maintenance. It often concerns long-term, large infrastructural projects in ground, road and waterway construction (such as roads, locks and bridges) and property development.

### Energy transition

This is the transition from fossil fuels (natural gas, coal, oil) to sustainable energy (wind, solar, biomass and hydrogen). Targets and the measures to achieve these targets are laid down in the Climate agreement.

### Generic Gate Instructions (Dutch - GPI)

This is a uniform set of safety instructions followed by everybody who enters a building site: this is mandatory at all Dutch building sites from 1 April 2019.

### GO!

An improvement programme designed to eliminate accidents and improve safety and safety awareness in the organisation.

### Green deal

Green deals are agreements between organisations, citizens and public sector bodies to provide space for innovative initiatives from society to accelerate the transition to a sustainable economy.

### Greenhouse Gas Protocol

This is a protocol initiated by the World Business Council for Sustainable Development and the World Resources Institute, together with a number of NGOs, including the WWF and a number of companies, including Royal Dutch/Shell. The aim is to develop procedures and instruction manuals for the calculation and reporting of greenhouse gas emissions.

**Heijmans B'woond**

Renovation concept for existing/occupied homes targeted at housing corporations and investors.

**Heijmans Horizon**

Timber frame homes

**Heijmans Huismerk**

This is a concept home with a high level of standardisation, intended for the rental market, commissioned by housing corporations and investors. The production process is largely industrialised. Prefab sections are assembled at the building site.

**Heijmans Morph**

Design concept for residential buildings consisting primarily of corner apartments. The residential building has flexible floor spaces and a standard apartment width.

**Heijmans ONE**

These are moveable one-person homes for specific target groups that are poorly served in the current housing market, such as starters, people in urgent need of a home and people with residence permits.

**Heijmans Wenswonen**

These are concept homes that combine the benefits of standardisation and affordability with a range of options, intended as owner-occupier homes for private buyers. The production process is largely industrialised. Prefab sections are assembled at the building site.

**Huismerk Apartment Concept**

An apartment concept jointly developed by Property development and Residential building for urban development or redevelopment areas. Faster development and construction should result in affordable apartments for various target groups in the social, mid-market and higher segments (both rental and owner-occupier).

**IF figure**

The Injury Frequency (IF) index figure is the number of accidents resulting in absenteeism that occur in a particular timeframe, divided by the number of work hours.

**Integrated Reporting Framework**

This is integrated reporting in which organisations indicate how sustainably they operate and how strategy, governance, performance and outlook deliver (social) value in the shorter and longer term.

**KPI**

Key performance indicators, or KPIs, are variables used to analyse the performance of companies.

**LEAN**

LEAN is a business methodology designed to increase efficiency. Application of the LEAN methodology is used primarily to develop flexible working practices, driven by customer demand and the maximum elimination of waste.

**Nature-inclusive construction**

Nature-inclusive construction is an approach – tailored to the area due to be developed - that combines the design of the construction project with the strengthening of the natural green areas. The aim is to create a healthy, future-proof living environment for both people and animals.

**PAS**

This the Dutch government's Programmatic Approach to Nitrogen launched in 2015 that created room for the granting of building permits in Natura2000 conservation areas.

**PFAS**

Poly- and perfluoroalkylated substances is the collective term for more than 6,000 substances that combine, among other things, fluorinated compounds and alkyl groups.

**PMCs**

Product market combinations.

**Procurement**

Procurement is the process of finding, agreeing on terms and acquiring goods, services or works from external parties.

**Procurement spend**

The annual spend on suppliers.

**Roadshow**

This is a series of presentations in which a company explains the financial-economic and strategic aspects of its business with the aim of increasing the awareness of the shares in that company and by doing so supporting its share price.



## **SDGs**

Sustainable Development Goals (SDGs): 17 sustainable development goals with 169 sub-goals, formulated by the United Nations, with the aim of eliminating poverty, inequality and climate change in 2030. The goals constitute an international agenda for governments, companies, NGOs and knowledge institutes.

## **Smart City showcases**

In the context of Heijmans' strategy we have identified three model projects where we bring together all our knowledge and skills and we can make optimum use of our integrated approach: Maanwijk in Leusden, Park Vijfsluizen in Vlaardingen and Feyenoord City in Rotterdam. These three 'Smart City showcases' are new residential neighbourhoods which will be offering the ideal mix of living pleasure, safety, smart energy use, nature inclusive building and social cohesion.

## **Smart grid**

A smart electricity system that matches demand for electricity with supply at any given moment.

## **Smartification**

This is the application of smart technologies so buildings and areas can generate data that enables the more effective management of resources.

## **SpeakUp system**

This is a procedure with a related system to make anonymous reports regarding abuses within the company by telephone or online via a website. Both the procedure and the system run via an external, independent and specialised party that Heijmans has hired for this purpose.

## **Fleet review**

The annual review of know-how, talents and competencies of Heijmans' employees.

## **Value creation model**

This is a schematic visualisation of how a company creates value for its stakeholders and society as a whole. The model provides insight into capital flows, business model and concrete results as output and the impact and broad-based value that is created for society.

## Abbreviations

ACM	Autoriteit Consument & Markt	ILO	International Labour Organization
AGM	Annual General Meeting of Shareholders	ISO	Internationale Organisatie voor Standaardisatie
Arbo	Arbidsomstandigheden (wet)	IT	Informatietechnologie
ASC	Arbo Service Centre	KPI	Kritieke Prestatie Indicator
AscX	Euronext Amsterdam Small Cap Index	LCA-score	Life Cycle Analysis
AVG	Algemene Verordening Gegevensbescherming or General Data Protection Regulation	MKI-value	Environmental costs indicator
BIM	Bouw Informatie Model	MPG-value	Environmental Performance Buildings
BREEAM-score	Building Research Establishment Environmental Assessment Method	NACH	New Amsterdam Court House
CEO	Chief Executive Officer	NOW-	Temporary Emergency Bridging Measure compensation for Sustained Employment
CDE	Common Data Environment	NYSE	New York Stock Exchange
CFO	Chief Financial Officer	PAS	Programma Aanpak Stikstof
CO <sub>2</sub>	Koolstofdioxide	PFAS	Poly- en perfluoralkylstoffen
COSO	Committee of Sponsoring Organizations of the Treadway Commission	PPS	Publiek Private Samenwerking
EB	Executive Board	RACC	Rotterdam Ahoy Convention Centre
ERM	Enterprise Riskmanagement	RIVM	National Institute for Public Health and Environment
CRO	Chief Risk Officer	RWS	Rijkswaterstaat
DZOAB	Duurzaam Zeer Open Asfalt Beton	SAP	Systems, Applications and Products for data processing
EBIT	Earnings Before Interest and Taxes	SCC	Safety Certificate Contractors
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	SDG's	Sustainable Development Goals
EMA	Europees Geneesmiddelen Agentschap	SA Trust	Heijmans Share Administration Trust (Stichting Administratie Kantoor)
ENI	Emission-free Network Infra	SBIB	Stichting Beoordeling Integriteit Bouwnijverheid
EPC	Energie Prestatie Coëfficiënt	SKAO	Stichting Klimaatvriendelijk Aanbesteden & Ondernemen
ERP	Enterprise Resource Planning	SUP	Status Update Projecten
FSC	Forest Stewardship Council	UAV	Uniforme Administratieve Voorwaarden
GHG	Greenhouse Gas Protocol	UAV-GC	Uniforme Administratieve Voorwaarden Geïntegreerde Contracten
GIS	Geographic Information System	UMA	Uniforme Meld Applicatie, or Report Unanimously Application
GO!	Geen Ongevallen!	VAT	Value-added tax
GPI	Generieke Poortinstructie	ViA	Veiligheid in Aanbesteding
GRC	Governance-Risico-Compliance	VOG	Verklaring Omtrent Gedrag, or Certificate of Conduct
GRI	Global Reporting Initiative	VR	Virtual Reality
GCVB	Governance Code Veiligheid in de Bouw	Was	Wet aanpak schijnconstructies
HBO	Hoger beroepsonderwijs	Wav	Wet arbeid vreemdelingen
HRM	Human Resource Management	Wmz	Wet melding zeggenschap
HWBP	HoogWaterBescheringsProgramma	ZOAB	Zeer Open Asfalt Beton
ICT	Informatie- en communicatietechnologie		
IF	Injury Frequency		
IFRS	International Financial Reporting Standards		
IL&T	Inspectie Leefomgeving en Transport		





### **Colophon**

Heijmans' Annual Report 2021 can be found on Heijmans' website, [www.heijmans.nl/en](http://www.heijmans.nl/en)

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